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SAN FRANCISCO PORT COMMISSION

SPECIAL MEETING

Minutes

November 17, 1977

Board Room

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COMMISSIONERS PRESENT:

James J. Rudden, President

Harry Bridges

Richard N. Goldman

Jack Morrison

Alan E. Rothenberg

COMMISSIONERS ABSENT: None.

ALSO PRESENT:

Richard A. Bobier, Chief Counsel

Edward L. David, Acting Port Director

Julius E. Herren, Director, Administration & Finance

James E. Huntsman, Administrative Services Officer

Anthony J. Taormina, Special Assistant to Director

Harry J. Thiemann, Commercial Property Manager

C. L. Vickers, Jr., Chief Engineer

P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order, please.

MR. DAVID: Mr. President, I would like to ask that Items 2, 3, 4, 5, 14 and 24 be put over until your meeting of November 23.

COMMISSIONER BRIDGES: I so move, Mr. Chairman.

COMMISSIONER MORRISON: I second.

MR. DAVID: We must further ask that you take Item 25 out of order, because Mr. Ross Gordon, the actuary, is here, but cannot stay more than another few minutes.

COMMISSIONER MORRISON: Mr. President, is it understood, then, that six items are continued until next Wednesday?

PRESIDENT RUDDEN: Yes.

MR. TAORMINA: Mr. President, members of the Commission, Item No. 25. We are requesting the acceptance of the report prepared by our Consulting Actuary, Mr. Ross Gordon, concerning the San Francisco Port Commission's liability under the Public Employees Retirement System for its miscellaneous employee group.

I believe each member of the Commission has been given a copy of this report. The staff has evaluated the report and looked at the findings of Mr. Gordon, and we are further recommending that the Port Commission take the following actions.

First, that the Port Commission accept Mr. Gordon's report.

Second, that we get approval to forward the report to the Mayor and the San Francisco Board of Supervisors

recommending the following actions:

One, that a reduced payment schedule of $250,000 per year for 20 years as a lump sum payment be approved in addition to the normal employer contribution to PERS.

Two, that the increased lump sum payment begin July 1 of 1978.

Three, that all City agencies having miscellaneous employees covered by PERS contribute to the lump sum payment on a pro rata basis.

Those City agencies would be agencies which presently have now members who were formerly with the Port who have since transferred to them.

In doing the analysis of the impact of these recommendations, basically we are suggesting the adoption of Alternative II, which in fact would have a $122,406 increased cost to the Port as opposed to the $325,000 originally proposed in Mr. Kisuk Yang's letter to the Port of San Francisco.

Secondly, there would be an increased cost to the City of $47,500.

We have Mr. Gordon here to answer any specific questions you have concerning the report, the background of how this unfunded liability occurred, and based on that, we ask for your recommendations.

COMMISSIONER ROTHENBERG: Is anybody here from PERS?

MR. TAORMINA: Yes, Mr. Kisuk Yang, the Chief Actuary, is here from PERS:

COMMISSIONER ROTHENBERG: Mr. Gordon?

MR. ROSS C. GORDON: Yes.

COMMISSIONER ROTHENBERG: I just want to refer, on two of the pages, 19 and 20, you sort of talk about your best judgment on why this happened. I am more concerned with how we avoid this happening again.

The question I have, and you as sort of an impartial observer, maybe you can help us with it, is when the City and the Port made the decision to make these changes, we essentially unknowingly walked into a $3,000,000 ditch that we didn't know existed, and I am curious whether part of the problem was that the people who made these other judgments as a result of this happening, weren't -- The real question is whether this is something that should have been more apparent, or to some extent perhaps PERS should have made it more obvious, but assumed the City would do its own homework.

I am just curious whether, in the work you have done, this has happened not only in other city and state departments but with other private firms dealing with insurance companies or others who fund their pension funds.

I am curious whether this kind of problem, which appears to be a fairly dramatic one, where such small errors in terms of communication are very important to us, whether this happens from time to time, because I am curious how the fact that no one at the Port seemed to be aware of it, which I assume means that no one at the State mentioned it, would have these liabilities created and, two, that no one from the City caught it when the City was passing on it.

Essentially, the whole thing sailed through, and they said "Oh, by the way, do you know that what you just voted on

cost you $3,000,000?"

MR. GORDON: Well, it is a long question, and I think there are several things to it.

I think the total lump sum that finally arose was a combination of several things that happened, not just one.

I think if a study were made back in 1969, some of the problems could have been anticipated, just in having a closed group of employees as part of the system, where you have an aging group and you have a declining payroll.

COMMISSIONER ROTHENBERG: It is the depooling that I am really referring to.

MR. GORDON: The depooling, again you have the problem, to keep a compatible level of benefits that the employees would naturally demand, the State had a certain structure where any changes made resulted in a separate funding, and that was known.

I tried to explain the way it sort of arose. I think in 1969 nobody had any idea that you were going to go to a one-year final average plan, and ultimately be depooled, so from 1969 to 1974 the plan looked like a very attractive deal for the Port.

COMMISSIONER ROTHENBERG: Even in '74, though, when the decision was made to go to that one year, the only thing that was really focused on was the parity of benefits?

MR. GORDON: I think an analysis could have been made at that time. If you had called in a consulting actuary at that time, the impact of making the change could have been analyzed, and I think that could have been anticipated, but

I think you probably would have made the same decision anyway, because the employees wanted their fringe benefits.

MR. TAORMINA: I might want to add one thing in discussing this with PERS as well. The depooling factor would have occurred regardless of the actions that we took in depooling ourselves in 1974, because as it is, a lot of agencies are removing themselves from this pool because it is to their advantage, because they were in fact subsidizing us, so eventually we would probably have been depooled anyhow through the other agencies pulling out of the pool. It just happened that we, ourselves, pulled ourselves out of the pool.

COMMISSIONER ROTHENBERG: This is because we fall in that miscellaneous employees group. We would have been there all alone. Is that what you are saying?

MR. TAORMINA: Basically.

COMMISSIONER ROTHENBERG: Ultimately, this would have happened anyway?

MR. GORDON: What you would have seen is, gradually, every year, as they make evaluations of the system, the group would have been smaller, and you would have a larger proportion, and the cost would be constantly increasing.

COMMISSIONER ROTHENBERG: Thank you.

COMMISSIONER GOLDMAN: Question. Are there any other agencies that have gone through the exercise we are faced with here?

MR. GORDON: Mr. Kisuk Yang is probably in a better position to answer that. It is my understanding that other agencies have been depooled, and in conversations that I had

with him, a lot of these other agencies that were depooled had better characteristics, so the effect of their withdrawing was not as significant as the effect of the Port's withdrawing.

He can probably answer that better than I can.

MR. TAORMINA: This is Mr. Kisuk Yang, Chief Actuary for the Public Employees Retirement System.

MR. KISUK YANG: Thank you.

To answer, Mr. Gordon stated it accurately. We have one contract which is a part of the City and County of San Francisco miscellaneous members, which has a special characteristic such as a closed group.

We had one other of University of California members who were in the past PERS members, and they went through a similar search for their employees, and they set up their own retirement system. They were given a choice, and they left with the State.

But these are part of the state employees, and we do not have a pooled or a depooling problem.

So really, even though there are some agencies, by depooling their rate went up substantially, but not to the extent that your Port Authority pays.

COMMISSIONER ROTHENBERG: So it is a factor that, A, it is a closed group and tend to be older people, and all these things are occurring at once?

MR. YANG: Right.

COMMISSIONER GOLDMAN: Mr. Gordon, does your plan have the support of the agency itself?

MR. GORDON: What agency?

COMMISSIONER GOLDMAN: How did you arrive at your conclusion, and has PERS accepted your --

MR. GORDON: I belive they have. You mean the funding alternatives? Yes. I made an analysis at the end of my report that sort of approximated what the funding impact would be, and I believe that they are in concurrence with --

MR. YANG: We really did not receive a formal proposal. Once we do receive it from this board, then we discuss it and see whether we can accommodate. I really do not think we have a major problem, because, after all, we suggested to go to fixed dollar payment instead of pegging on percentage of payroll.

I cannot really say formally we accept it at this time. We have to wait until this proposed action.

COMMISSIONER MORRISON: But if I understand you correctly, Alternative II as presented to us is within the realm of possibility?

MR. YANG: Yes. We have to point out that it isn't something we are charging this body as some kind of claim, but rather, we are managing your fund, so whether you pay it now or you pay it later, as far as the State is concerned, doesn't make too much difference.

We are trying to just project as to what might be the best level of contribution rate required, and the request we have with most of the contracting agencies is tied with the percentage of payroll, which simply just did not apply to this group, and this is why we suggested some alternative methods.

MR. TAORMINA: I may clear up for the Commission that

the acceptance of this repayment is the Board of Supervisors' responsibility, and not the Port Commission's.

The contract is a City and County of San Francisco contract between the City and PERS, not the Port Commission, and the Charter provides that the City shall do everything in its power to maintain these employees in PERS.

We are simply recommending to the City the method of repayment that is to the benefit of the Port as well as to the benefit of the City, so before PERS can get an official statement on the alternatives they will have to be approved by the Board of Supervisors, and be their recommendations to PERS.

COMMISSIONER MORRISON: Mr. President, I move that we accept the report and forward it to the Mayor and the Board of Supervisors.

COMMISSIONER BRIDGES: Second it.

PRESIDENT RUDDEN: Any objections? If not, it is approved.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg, Rudden - aye; Noes - none.)

MR. DAVID: Mr. Herren?

MR. HERREN: Agenda Item No. 1 Request approval of minutes of regular meeting of October 12, 1977.

COMMISSIONER ROTHENBERG: So move.

COMMISSIONER BRIDGES: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberge, Rudden - aye: noes - none.)

MR. HERREN: Agenda Item No. 6, request approval of refunds and allowances in the amount of $17,217.18 for the month of October, 1977.

COMMISSIONER MORRISON: Move approval.

COMMISSIONER BRIDGES: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HERREN: Agenda Item No. 7. Recommend a discharge of accountability from the San Francisco Port Commission in the amount of $2,175.80 for Word Order #108310 incorrectly charged to the Navy.

We are unable to place responsibility for this damage. We can't prove that the Navy was in this berth on the date that it happened. Therefore, I am asking to be relieved of these charges from our ledger.

COMMISSIONER MORRISON: So move.

COMMISSIONER GOLDMAN: Question. I have trouble with the fact we can't establish who was using the berth on a given day. Don't we have personnel that are aware of what ships are being berthed?

MR. HERREN: We have four wharfingers, who have to cover the entire waterfront, and they check at periodic times.

The navy vessel was near this point, but we have been unable to prove that they were actually there. and they refuse to pay it. It goes back to 1976.

COMMISSIONER GOLDMAN: I am not as concerned about this particular claim as to what kind of controls we have over

the observance of use of the facilities. If a ship pulls into a pier it is likely to be there for some period of time, unless they were just wandering around in the water and happened to bump into it.

MR. THIEMANN: That happens.

MR. HERREN: That happens. We also have people berthing without authority many times.

I think the wharfingers do a credible job, because this is the first one that we have run across that we can't do anything with.

COMMISSIONER GOLDMAN: Okay.

COMMISSIONER BRIDGES: There is no alternative, really.

MR. HERREN: Well, it is either that or keep it on the ledger.

COMMISSIONER BRIDGES: You can't go to court against the Navy.

MR. HERREN: We could, but we don't have the evidence.

COMMISSIONER ROTHENBERG: I will second Mr. Morrison's motion.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HERREN: Agenda Item No. 8, recommend approval of compromised settlement of 50 percent on Work Order 105436.

This case has been to litigation.

COMMISSIONER GOLDMAN: So move.

COMMISSIONER ROTHENBERG: Second.

(The motion carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HERREN: Agenda Item No. 9. Recommend a discharge of accountability from the Port Commission in the amount of $4,686.62 for uncollectible revenue charged to Williams, Diamond Company.

COMMISSIONER GOLDMAN: Item No. 9?

MR. HERREN: Item No. 9, yes, sir.

COMMISSIONER GOLDMAN: In the accounting sheets you gave us it shows $2,767. What is the correct number?

MR. HERREN: No. 8 was 27, $2,227.85.

COMMISSIONER GOLDMAN: I am looking at Agenda No. 9. The first paragraph say the full cost of repair was $2,767.90.

MR. HERREN: Well, there are several items on that page.

COMMISSIONER GOLDMAN: These are all relating to the same company?

MR. HERREN: Yes, sir.

COMMISSIONER GOLDMAN: I see. It is a combination of $1,800 plus $86?

MR. HERREN: Yes, sir. I have two work orders that the statute of limitations has expired, and we are unable to take that to court.

We also have a list of vessels here that berthed in San Francisco and didn't pay their charges. Now, you have a list of vessels before you there, I believe.

These are vessels that are known as corporation

vessels, according to Williams, Diamond, and they do not put deposits up with the shipping agent. The corporation was bankrupt, therefore they did not have the money to pay the dockage charges.

These charges have been in here for five or six years, and we would like to have relief for them, because I don't think they are collectible.

COMMISSIONER GOLDMAN: So move.

COMMISSIONER ROTHENBERG: How do we avoid running into this problem in the future? Do we require the shipping agents now to post some kind of a bond?

MR. HERREN: Well, if we continue to have this problem with Williams, Diamond we will have to.

COMMISSIONER ROTHENBERG: Is Williams, Diamond the company that is no longer in business?

MR. HERREN: No, they are in business. They are ships' agents. They represented these lines. They requested the berthing of these vessels.

COMMISSIONER ROTHENBERG: But they won't accept the liability?

MR. HERREN: They won't accept the liability.

COMMISSIONER ROTHENBERG: Is the answer in the future to just pursue the collection earlier, or is it to require the shipping agents to take on some liability?

MR. HERREN: Well, I will have to go on record right now, they are paying their current bills without any problem. Now, if they get to the point where they are behind --

COMMISSIONER ROTHENBERG: I am not worrying about this

particular company. I am just wondering as a matter of principle how we are going to establish what we expect of the shipping companies versus --

MR. HERREN: The larger shipping agents, as I understand it -- and you might correct me, Ed, if I am wrong -- they get deposits on cargo before they ever get to the port of destination. They get 80 percent, as I understand it, of the revenue that they are entitled to get.

COMMISSIONER ROTHENBERG: So it is the smaller shipping agents?

MR. HERREN: It is the smaller shipping agents that can't do that.

COMMISSIONER ROTHENBERG: Should we then be asking the smaller shipping agencies to make a deposit?

MR. HERREN: Maybe we should. This is the first occasion that I know that this has happened.

COMMISSIONER ROTHENBERG: I wouldn't think a bond of a few thousand dollars would be that expensive to them. They don't have to actually put up the cash. They can just furnish some sort of a performance bond.

MR. HERREN: Well, this is true, but if you do it for one, you are going to have to do it for all.

I would suggest that we see how this thing works with Williams, Diamond, and if they continue to pay their bills, then we won't do anything about that. But we can demand for them to put up a deposit.

COMMISSIONER BRIDGES: This will be a new departure in the shipping industry. This will say to a shipping company,

before you can berth at one of our docks you have to have a good faith bond, or you have to have a bond, just to guarantee us repayment in case you damage that dock. So here we go to Oakland. What is this?

MR. HERREN: I think what we would have to do, we would have to treat them all the same.

COMMISSIONER ROTHENBERG: If we ask them for a performance bond of, say, $1,000, and if they put it up from year to year, it wouldn't be $1,000 out of their pocket, and we would only do it if we have to.

PRESIDENT RUDDEN: Do we have a motion?

COMMISSIONER ROTHENBERG: I think Commissioner Goldman moved approval.

COMMISSIONER MORRISON: Second.

(The motion carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg, Rudden - aye; noes - none.)

MR. HUNTSMAN: Mr. President, Item No. 10, request your approval of a full settlement of a personal injury claim in the amount of $4,000, payable to Mission Insurance Company.

The details of this injury were sent to you in a separate memo.

COMMISSIONER ROTHENBERG: So move.

COMMISSIONER GOLDMAN: Question. Why is the payment made to Mission Insurance Company?

MR. HUNTSMAN: At the time of this injury we were under a deductible provision whereby the insurance company did the investigation and the claim settlement, at that time.

Therefore, we had $5,000 deductible. They settled the claim for $6,500. We advanced $1,000 previously. Now the balance of our deductible of $4,000 is due to the insurance company.

COMMISSIONER GOLDMAN: Well, as a matter of policy, when we are dealing with deductible, I think we have to recognize that many of the settlements will be under, or at least the deductible might be a prominent part of the settlement. We should really expect our attorney to be aware of this, and not rely on the insurance company alone, because this is a case in point, where we are paying $5,000 and they are paying the other $1,500. Perhaps with a little more effort on our part --

In other words, they don't really care about anything up to the deductible. They only become interested afterward, and since the deductible feature of our insurance program is increasing, it would be well that we take a very cautious look at any claim through our own staff people at the same time.

MR. HUNTSMAN: Under the provisions of the contract, we had no say in the settlement. We couldn't approve it or disapprove it. It was up to them, according to the contract, to settle the claim.

COMMISSIONER GOLDMAN: The contract with Mission?

MR. HUNTSMAN: The contract with Mission.

COMMISSIONER GOLDMAN: Well, all right. If the contract so reads, we still have the right to have our representation. We have a somewhat different interest in this kind of a circumstance, since it only comes into play over a deductible. I am not so sure they have full rights to make a

settlement where they are not obligated to pay anything, as might have occurred if the settlement were for $4,000.

I think we should be properly represented in whatever negotiations take place.

I am not talking about this case. I am talking about the next one.

MR. HUNTSMAN: However, now we are under a retention program, as you are aware. We do not have a deductible on our liability, and that goes to the next case, which happened under our retention program..

COMMISSIONER MORRISON: Move approval.

COMMISSIONER ROTHENBERG: Second.

(The motion carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HUNTSMAN: Item No. 11, request approval of full settlement of a personal injury claim on July 18, 1977, in the amount of $288.51.

This is a claim wherein we investigated it through our contractor, took his recommendation, discussed it with the City Attorney, and agreed to settle for this amount with the individual.

COMMISSIONER ROTHENBERG: Chuck, we have had a lot of these individuals stepping in holes recently. Is there anything we can do to try and keep some of these piers and some of these other areas, can we avoid some of these problems by changing our maintenance routine?

MR. VICKERS: We just recently, along the waterfront,

went and had one crew and did a lot of little patching and settling, and you will see places where a little concrete was chipped here and there, and a little asphalt work was done. We did this in one big effort to try to take care of that.

But I think there are always going to be cases. this is an industrial area, and the public comes into an industrial area where there is --

COMMISSIONER ROTHENBERG: It appears we are probably vulnerable anyway.

MR. VICKERS: Particularly the railroad track area.

COMMISSIONER ROTHENBERG: Is that where a lot of these claims have been coming from?

MR. VICKERS: Right.

COMMISSIONER GOLDMAN: I would like to make a general comment about the structure which I have never quite understood, and I think we have spoken to it but it really hasn't accomplished much, and that is that the City has a Department of Public Works which is responsible for all streets other than, seemingly, the Embarcadero, and I have trouble rationalizing the distinction.

I don't think that the maintenance of streets, or this street, should be the responsibility of the Port. I think it should be the responsibility of the Department of Public Works, and I think that it is the logical group to accommodate this, and I should hope that we could instigate some action at some time, not necessarily now, to encourage that the maintenance of the Embarcadero, other than maybe the piers themselves and the sidewalks and the railroad tracks and whatever else

related thereto, become a responsibility of the Department of Public Works.

MR. VICKERS: I would like to comment on that. We have been negotiating with the Department of Public Works for many months and years on this, and they have agreed and accepted, as of a year ago July, to do all the striping and signing of the Embarcadero, which was a step forward.

They have recognized the Embarcadero exists, and they have included working and repaving of the Embarcadero in their future FAU funding projects, so I think we are making steps forward on that.

COMMISSIONER GOLDMAN: But they have not assumed it as yet, have they?

MR. VICKERS: Not in its entirety.

But the problem, a couple of big problems that exist on that, and this exists even in city streets, take Illinois Street, which is a city street but has railroad tracks in it, all of the work around the railroad tracks have to be done by the railroad company, so even though the City takes over , say, the Embarcadero, and takes over all of the paving, the striping -- they are doing the striping and the signing now, but say they take over the paving also, then every time you come to the 10-foot strip of the railroad track, that is still the Port's.

COMMISSIONER GOLDMAN: Doesn't the City do any of the maintenance of any other railroad lines other than the Municipal Railway?

Under the circumstances, shouldn't that be the

responsibility of the tenant, rather than the Port itself, since we are not operating the railroad?

MR. DAVID: In the case of Port Railroads, Inc. our agreement calls for them to maintain open track, and with tracks through paved areas we have the obligation to take up the pavement. They maintain the track, and we have the obligation to put the pavement back.

MR. VICKERS: But the problem with maintenance is in the pavement itself.

COMMISSIONER ROTHENBERG: I will move approval of the item.

COMMISSIONER MORRISON: Second.

COMMISSIONER GOLDMAN: I will obviously vote for approval of this item, but I still think we should encourage the Department of Public Works to assume the responsibility for the maintenance of the Embarcadero.

The railroad is a sticky wicket. Let's not worry about that. But the street itself should not be a responsibility of the Port.

MR. VICKERS: Another thing to consider on that is that the Embarcadero is part of the 200-foot area that is part of the Port maritime, and if we were to give up all of the maintenance on the Embarcadero, we might forever give up any of our maritime rights to it. I think that would be a legal thing that you would have to really look into, to make sure that you really want to do that.

COMMISSIONER GOLDMAN: I don't understand. What has the Embarcadero got to do with maritime?

MR. VICKERS: It is just part of the 200-foot zone that is part of the maritime of the Port.

COMMISSIONER GOLDMAN: Are you inferring that the City might cancel our right to drive vehicles down the Embarcadero to use the piers? What is the problem?

MR. VICKERS: There is more than just a maintenance thing.

PRESIDENT RUDDEN: Why don't we explore this, instead of trying to --

COMMISSIONER MORRISON: Mr. Vickers, you will look into that and report back to us?

MR. VICKERS: Sure. I have been working with the City Engineer on it for a long time.

COMMISSIONER GOLDMAN: And maybe we can have a report at the meeting after next?

PRESIDENT RUDDEN: If there are no objections, that is approved.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. DAVID: Mr. President, we request your approval of the second amendment of the lease between the Port and the Powell River-Alberni Sales Corporation. A copy of this amendment was sent to you last Friday.

We have a 10-year lease with Powell River-Alberni Sales Corporation. In this lease we have a provision for rent review at the end of the fifth year.

However, more important is the fact that the original

lease had a provision that in the event the wharfage and dockage charges increased by more than five percent per year, there would be a reduction in their rent. Therefore, they started out on this lease with a rent of approximately $78,000. It has now decreased to $67,000.

We have, in this amendment, eliminated this provision where we are restricted to a five percent increase a year on wharfage and dockage, and in turn restored the rent to the original level, which was $78,000.

I think you should know, since this lease was signed, that our wharfage and dockage charges have gone up 90 percent in that five-year period, that being the reason we made the reduction in rent.

The reason for the provision in the first place was that Powell River-Alberni Sales Corporation was terribly concerned in the competition between rail rates from Canada and bringing it down by coastwise ocean service, and therefore wanted to protect themselves that we could not continually increase wharfage rates.

They have permitted us now to eliminate that provision for the five percent restriction, and return the rent to the original level.

Mr. Daniel K. Moore is here. He is the President of the Star Terminal Company, our tenant. Do you have anything to say?

MR. DANIEL K. MOORE: No, not a thing. I think it is perfectly clear and cut. We gave up the five percent, which increased to 90 percent. We never really got the break

that we all agreed on, but circumstances dictated, as we went along from year to year, not to fight that particular clause.

COMMISSIONER MORRISON: So you are satisfied?

MR. MOORE: We are satisfied, Jack.

COMMISSIONER ROTHENBERG: I so move.

COMMISSIONER BRIDGES: Second.

(The motion carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg, Rudden - aye; noes - none.)

MR. DAVID: We received a letter, which was forwarded to you, from Port Railroad Inc., signed by Lynn Cecil, the Vice President, requesting that the management advisory contract between Port Railroad Inc. and the Port be amended to remove the provision that requires nine months' notice before they can cancel the agreement.

They have recommended, and we recommend to you, that we change this provision to a two-month cancellation clause.

The reason for this is that Port Railroad Inc. have not been operating in the black of late. They have notified us that in order to continue they would have to give us a notice on November 22 of this year, which is nine months before the end of their fifth year. They would be able to continue without the notice if we changed that agreement to a 60-day notice.

I can tell you that when we originally negotiated the agreement, the reasoning for the nine months was only that we felt it would take nine months in an orderly way to take the railroad back, in the event they gave it up. We are now

satisfied that we could do this within a period of 60 days, and recommend you go for the change.

I think Mr. Willis Kyle, the President of Port Railroad Inc., is in the audience, and he may have something to say to that.

MR. WILLIS KYLE: I will let Mr. Cecil speak.

MR. LYNN CECIL: I think Ed has covered it quite well. I feel that we do want to continue to operate the railroad. I think it is to the advantage of the Port that we do, in view of the losses that the railroad suffered before we took it over.

In the event we could not get the change, it would mean that, whenever we should decide to take a cancellation of our agreement, if we should, we would have to suffer an additional nine months of losses, so in order for us to continue this as long as we feel we can, or even indefinitely, we feel that a 60-day cancellation will make it possible for us to suffer maybe a lot less losses at some point in the future.

Also, I have suggested in the letter that if a 60-day period is not adequte to make a smoooth transition, whatever additional time and assistance of our people it took to make it smooth, we would be glad to do that.

COMMISSIONER ROTHENBERG: Is the sewage project in anyway affecting the vitality of the railroad? I ask that naively, but --

MR. CECIL: It is affecting our operation, but we are still able to get our business taken care of day by day.

Of course, it will affect in some instances the

amount of business we do, because certain portions of the business will be cut off for some period of time, so there will be some loss of revenue. We think maybe it might be minimal, though.

COMMISSIONER GOLDMAN: Mr. Chairman?

I am having trouble with the request, because up until now we have been talking about contract where we are obligated, and we meet those obligations.

Now we are being approached by a tenant who wants an adjustment in the contract, and I have trouble seeing what we as a Port are achieving in return for reducing the time of notice from nine months to two months. That is seven months. What are we gaining by it?

MR. CECIL: Well, I think that if we had to live with the nine-month provision we might be forced today to say we will cancel our lease effective August 22, 1978. That is the first date on which we could cancel.

With the 60-day provision, we could continue to operate day by day up until whatever time we wanted to cancel.

Now, if the Port Commission should feel it is not to the advantage of the Port to have the Port Railroad operating the railroad, or to continue to operate it, then quite likely there is no real justification for approving this reduction in time.

COMMISSIONER GOLDMAN: I am trying to analyze the logic of what you are requesting. I may be wrong, but what I envision from a request like this is that it isn't operating up to the standards you wish, and you are looking for relief.

So if we grant the 60-day period now, tomorrow you can come in and say, well, 60 days from now we would like you to --

MR. CECIL: That is not really what we are asking. We are not seeking to change the minimum term of our lease. We expect to be bound by the minimum five-year lease that we already have.

We are just asking that, at the expiration of that five-year lease, or maybe two months prior to that, we be permitted to cancel on shorter notice.

We are not attempting to reduce the overall period of the lease we have in any way.

COMMISSIONER ROTHENBERG: Well, to make Mr. Goldman feel better, maybe what we could do is to amend this agreement to give you the relief you want, but state that in no case could this agreement be terminated any earlier than whatever the day would have been --

MR. CECIL: That is in fact what we are proposing.

COMMISSIONER GOLDMAN: In other words, you are assuring us that you will continue to operate until August of 1978?

MR. CECIL: We are presently, by contract, obligated to do that. We are not seeking any change in that provision of the contract.

COMMISSIONER MORRISON: And after this action today you will redouble your efforts?

MR. CECIL: Right.

COMMISSIONER GOLDMAN: What do you think of the future of the railroad?

MR. CECIL: There are some things happening now that look pretty good. We are finding grain out in the District C area, and that is adding revenue to the railroad, and we seem to be getting more scrap ships in. Some of the other things are declining, like the beer business, which seems to be going down somewhat, but some of the other areas seem to be picking up to the point we think it is quite likely it will be profitable within the next nine months.

COMMISSIONER GOLDMAN: What is your view of the future of the railroad from, let's say, the Bay Bridge northward?

MR. CECIL: It is continuing to decline, the business down there. Of course, now, basically the business we have is Bauer-Schweitzer business,, malting business, and we still have a small amount of business to the city sewer. Pier 27, we still have quite a lot of business. We move out a lot of scrap from Pier 27, and some other business from Pier 27, too.

I am really not answering your question on what I think the future will be. I think it can't decline much more than it is now unless something happens to Pier 27.

PRESIDENT RUDDEN: Tony, do you see anything --

MR. BOBIER: No. I think this is an excellent amendment, and we really ought to do it.

COMMISSIONER MORRISON: So move.

COMMISSIONER BRIDGES: Second.

(The motion carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. VICKERS: Item 15. I received a telephone award of this contract, because Item 15 covers the removal of Pier 14, and that is part of our public works grant on the promenade project, and I received telephone approval on November 10, 1977, for the contract award to Ferma Corporation, and I now request confirmation of that telephone approval for the lump sum amount of $516,700 to Ferma Corporation.

COMMISSIONER GOLDMAN: Has the other party been advised of this determination? Have they accepted it as presented?

MR. VICKERS: I assume so.

COMMISSIONER GOLDMAN: Then I will move approval.

COMMISSIONER MORRISON: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER ROTHENBERG: When will the work start?

MR. VICKERS: They are projecting December 5.

MR. TAORMINA: I may add, I passed out to each of the commissioners a copy of the historical survey on this area. This was required under the EDA application. We have received a letter today from the State Historical Preservation Office clearing the way that all special conditions of our EDA application have been complied with, and that work can commence within the 90-day startup.

MR. VICKERS: I would like to take Items 16 and 17 together. They are part of our annual overhaul of our floating equipment.

The contracts were completed on schedule. There were some changes, some up and some down, on the two contracts. I have written all this to you, but I recommend approval of Items 16 and 17 for Contract No. 2474, as listed on the agenda.

COMMISSIONER MORRISON: So move.

COMMISSIONER BRIDGES: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. VICKERS: Item No. 18 is a part of our grant at the Pier 14 to 22 area. We are going to move our maintenance department so that we can remove Pier 16. It is necessary for us to hire an industrial engineering firm to help us in this relocation. Their fees will be paid out of the grant.

I made quite an effort to solicit proposals from several companies. I inquired various places, as I listed in the supplemental data. We received four proposals.

I reviewed these with the respective engineering firms, and after much deliberation determined that Rogers Engineering Company was the one we should have do our project, and I recommend authorization to enter into a standard agreement, 1094, with Rogers Engineering Company for the engineering services, with payment for the services on a cost-plus basis, with a total amount not to exceed $52,150.

COMMISSIONER MORRISON: Mr. Vickers, what is the work program? What are the services?

MR. VICKERS: Well, the services are, first of all,

to survey our present facilities to determine our needs for the maintenance department through the year 2000, and then to prepare the plans and specifications for the Seawall Lot 340, where we are going to move to, to fit these needs.

I think it is very important that we have someone that has been doing this type of work before to do this review for us.

COMMISSIONER MORRISON: So it is developmental planning?

MR. VICKERS: Developmental planning as well as the actual plans and specifications.

COMMISSIONER MORRISON: I move approval.

COMMISSIONER BRIDGES: Second.

(The motion carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. VICKERS: Item No. 19, Item a), install parking meters in various Port locations. I have a drawing on the board here to show you what we are discussing.

There has been an area within Port jurisdiction for several years that has not had any parking meters on the streets. There was always a question about whether the Port could install the meters there, even though it was within Port jurisdiction, because these streets are maintained by the City.

We went ahead and we prepared plans. We took them to the City Traffic Committee. We had much review there on our ideas. They asked -- we already had an opinion from our own attorney that we could do this -- for a second

opinion from the City Attorney, and we just a short time ago received an opinion from Mr. O'Connor that even though the City maintains the streets the Port can put in the parking meters.

We have meters on hand to do the job, and it is our estimate that this work will cost approximately $16,000, and it will be done by Port workmen, and our potential annual revenue is in the neighborhood of $150,000. I recommend that we go ahead with the project.

COMMISSIONER ROTHENBERG: What would the charge be on these meters?

MR. VICKERS: We are still working on that.

COMMISSIONER ROTHENBERG: Can we adjust them?

MR. VICKERS: Surely.

COMMISSIONER ROTHENBERG: The question is whether we want to encourage short-term parking or long-term parking.

MR. VICKERS: Well, we are looking towards short-term parking, because we talked to City Planning about it, and we have also had some feedback from some of the people in there, and they want to have the short-term parking.

COMMISSIONER ROTHENBERG: Are you talking about one hours, or two hours, or --

MR. VICKERS: Two hours.

COMMISSIONER ROTHENBERG: You don't want it to end up in garage space.

MR. VICKERS: No, turnover.

MR. ROBERT MEYERS: The idea is to relate the parking to adjacent land use and support the local businesses

down there, so that there are places to park for salesmen and customers.

COMMISSIONER ROTHENBERG: So the meters would be effective from 7:00 a.m. to 6:00 p.m., or whatever the normal cycle is?

MR. BOBIER: It is within your authority to set all of that. I think the staff will be back to you with a recommendation on what hours and what rates.

COMMISSIONER ROTHENBERG: I am not sure, if there are residents there, whether we are denying them --

MR. THIEMANN: The hours are 7:00 a.m. to 7:00 p.m.

MR. VICKERS: My estimate of $156,000 is based on an eight-hour day, 25 cents an hour.

COMMISSIONER ROTHENBERG: I think that is fine.

COMMISSIONER GOLDMAN: Question. It has nothing to do with the installation. It has to do with the structure of the metering, whereby the Police Department metes out the tickets and collects the money.

Now, that used to be a Port function, as I recall. When did that change from the Port to the Police take place?

MR. DAVID: We lost that in the transfer agreement.

MR. THIEMANN: No, he is talking about the Police Department. That was two years ago last July 1.

COMMISSIONER GOLDMAN: Did we give up more than we gained by that transaction?

MR. THIEMANN: We didn't really give anything up except the Police Department. We didn't get any of the money out of the meters. I mean, from the tax, from the

tax, from the citations.

COMMISSIONER GOLDMAN: In other words, the Police Department took over the functions that the Harbor Police carried on?

MR. THIEMANN: We formerly wrote City citations.

COMMISSIONER GOLDMAN: And then got the money?

MR. THIEMANN: And then got the money. When we were a state agency, we got half the money.

COMMISSIONER ROTHENBERG: In this case the City will retain all the ticket revenues, and the Port gets the meter revenues?

COMMISSIONER GOLDMAN: Move approval.

COMMISSIONER BRIDGES: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rotherberg and Rudden - aye; noes - none.)

MR. VICKERS: Item 19 b), I request that you cancel that. I have reviewed the project and find out that you have already approved the installation of electrical service there, and we have been able to redesign the electrical service so that the cost of the electrical plus the water is less than what you have already given us approval for.

Item No. 20 is a continuation of our promenade work. I have the plans and specifications ready to go out for bids for the removal of Piers 18, 20 and 22, Contract 2367, and I request your approval to take bids on this project.

COMMISSIONER MORRISON: So move.

COMMISSIONER BRIDGES: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye noes - none.)

MR. VICKERS: Item No. 21, I have asked you to postpone that. We haven't received all the costs on that. I can't give you the total price.

PRESIDENT RUDDEN: All right.

MR. THIEMANN: I would like to request approval of license and lease numbers 9729 through 9743 inclusive. I have sent you an explanation. There are some things I should point out to you.

These are all routine. We have a three-year lease in the World Trade Center, and several meetings ago you directed me not to make any more three-year leases. For some strange reason this three-year lease was entered into July 1 of 1976 and was never typed. We have been billing the tenant. So this lease is an existing three-year lease which never did come before you.

COMMISSIONER GOLDMAN: So it is a year and a half into the lease?

MR. THIEMANN: To go, yes.

COMMISSIONER GOLDMAN: So it will be another year and a half?

MR. THIEMANN: That's correct.

And there is an error in 9742. I don't know exactly what it is, but between the rate and the amount, they don't jibe. If you wish, I will bring this back to you at the next meeting.

COMMISSIONER MORRISON: Mr. President, I have a question.

First of all, the 45-B business. Is that the one we talked about?

MR. THIEMANN: No. This is one, the people were there. In fact, these people were the first people on the pier, and they took an additional space, which you said you would not agree to.

My office had already canceled the license and issued a new license. This goes back to the original license. This is exactly as it was about a year ago.

COMMISSIONER MORRISON: All right.

MR. THIEMANN: I think there is another one coming up that is exactly the same.

COMMISSIONER MORRISON: Now, two proposals for Pier 33, Paramount Pictures and Sequoia Pictures.

MR. THIEMANN: There is a T before that. It is storage of vehicles for a week or two or three, whatever it was. They will be leaving on the 24th of November.

COMMISSIONER MORRISON: Well, that encourages me. That is a maritime pier, and I fear the encroachment of non-maritime uses on maritime property. You say this will last no longer than two or three weeks?

MR. THIEMANN: That's correct. Now, there are other people there who are nonmaritime, but they are strictly on 30-day licenses.

COMMISSIONER GOLDMAN: I would like to comment. I think some months ago it was asked of you, Mr. Thiemann, to

give us rundown on all tenants of Pier 33, and if that has not been pursued I would like to recommend through the Chair that we know just what the current usage of Pier 33 is, following Commissioner Morrison's suggestion that if it is scheduled for maritime use, we would like to know what use is being made of it and what the potential of the maritime capability might be.

Can we have that at a reasonable time, maybe the meeting after next?

COMMISSIONER ROTHENBERG: Mr. Thiemann, can I get back for a minute to 9740, the lease that was longer than 30 days? Can you tell us what the termination date is on that lease?

MR. THIEMANN: June 30, 1979.

COMMISSIONER ROTHENBERG: I just want to make it clear for the record that all we are doing is authorizing a lease that will terminate June 30, 1979. I want to make sure we don't somehow issue a three-year lease.

MR. THIEMANN: I can tell you what happened on this. This was a tenant who had been there fore three years.

COMMISSIONER MORRISON: Move approval.

PRESIDENT RUDDEN: If there is no objection, it is approved.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

PRESIDENT RUDDEN: What is your next item?

MR. THIEMANN: Item 23 is request for approval of

transfer of Lease #L-8908 from Joseph and Arleane Barrone and Michael and Rose Abbate to Francisco and Luise Samson. This is a little restaurant and bar on Seawall Lot 334 known as two names, Manjo's and the Pier Head.

Mr. Abbate is ill, and can no longer work. Mr. Barrone's brother, who has been the chef for many years, is ill and can no longer work, and they are old enough to retire, so they request your approval of the transfer.

This man Samson and his wife have a financial statement acceptable to your staff.

COMMISSIONER BRIDGES: So move.

PRESIDENT RUDDEN: No objection, it is approved.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. THIEMANN: Item 26 is a report on the Street Artists' use of the sidewalk at Fisherman's Wharf. When you approved the license with the Street Artists you requested that we come back in 90 days and report on their use of the space and their deportment, if I can use the word, and so on.

I have received no complaints from anyone about the Street Artists. I personally went down and discussed the matter with all the people on our property. I gave notice to the Fisherman's Wharf Merchants Association of this hearing.

Mr. Thielen brought that letter in to me yesterday afternoon, as I recall. He and I had the discussion which he asked for in the letter. I answered his questions. There is a license. They do have insurance. They are paying their

rent, and they have given us no problems.

I recommend that we continue this month-to-month license until such time as the work is completed on the adjoining property, and the license be canceled at that time.

COMMISSIONER BRIDGES: So move.

COMMISSIONER GOLDMAN: Second.

MR. CHARLES THIELEN: Mr. Chairman, before you do, my name is Charles Thielen. I represent the Fisherman's Wharf Merchants Association.

I discussed this with Mr. Thiemann yesterday. There is nothing that we want to take great issue with at the time, right now, but I would suggest that you continue as the lease is written, on a 30-day term, rather than extending it for the full length of the construction, because we don't know exactly how long that is. If it runs too much into next summer, then we have problems, because during the season this summer when we had the people there, we had a lot of people forced into the street, and it was a dangerous situation.

I don't think it is a thing we would want to live with through a full summer period, when the traffic is heaviest. I would like then to ask you to just continue it on the 30-day term on which the lease is now written.

MR. MICHAEL TUGEND: I am a street artist. Our attorney is in a cab right now trying to get down here. Can we hold this off for a few minutes?

PRESIDENT RUDDEN: Let's put it off, then

MR. THIEMANN: Item 27 is a request for approval to increase the monthly rental rates effective January 1 on

all Port Commission properties that are licensed on a month-to-month basis.

I sent to you an explanation. We are recommending, the staff is recommending to you, that we increase the rates approximately seven percent over what they are at the present time. During the past 12 months the Cost of Living Index has gone up just under seven percent.

Our recommendation is that we do this for all licenses that were in effect prior to July 1, and allow your staff to review those after July 1, because we have been raising the rates on new tenants as they come in and rent space, so there are some areas where people are already paying the rate that we are going to request on January 1. Not too many, but a few.

This increase would bring an immediate $120,000 a year to the Port, with additional income being derived from those licenses and leases which expire during the succeeding months. We would then increase the rates to that amount.

In the World Trade Center I would like to recommend that the rates be set at 63 cents for the interior space, 69 cents for the exterior space except the bay side, and 80 cents for the bay side. This again represents approximately seven percent. We raised it to the nearest penning in this case.

COMMISSIONER GOLDMAN: Mr. Chairman, I approve of what is being done, but I am concerned about the procedures. It would seem to me that we should develop an automatic escalation procedure for Port tenants, like is true in most private tenancies.

MR. THIEMANN: In most private tenancies it is on a yearly basis. In this instance it is a year. The last time before that it was six months. The time before that it was a year.

COMMISSIONER GOLDMAN: I am not challenging what has been the procedure, but I think we would feel more comfortable with the fact, if you are using the Cost of Living Index as the basis for adjusting rents, that it be an automatic thing that happens periodically, once each year or whatever the period of time is, rather than have it come to us because maybe at that particular time the Property Department decided it was time to take a look.

I think it would be to the advantage of a business-like manner of handling things. It certainly removes a responsibility from you if we have such a procedure in which we make that adjustment, say once a year.

MR. THIEMANN: I recommend, if you approve this item, you make that adjustment on the first of January in all the following years.

COMMISSIONER GOLDMAN: So do you think that maybe the recommendation could incorporate that this would become an automatic procedure that we adjust the rent --

MR. THIEMANN: Except that I think you should leave your option open to make a change during the year as well. In other words, you have the right to change your rents at any time on a 30-day notice.

COMMISSIONER GOLDMAN: Well, I want to be fair to the tenant, too. All I am interested in, what is the standard

procedure within the general community, and I would imagine that that is one way of doing it.

MR. THIEMANN: On month-to-month rents in the general community, they normally don't have an adjustment. The landlord has that option open to him..

COMMISSIONER GOLDMAN: Well, perhaps you can incorporate it into ours.

I will move approval of this particular request, but I think we should establish a businesslike procedure where it happens automatically in the future, if that is satisfactory.

PRESIDENT RUDDEN: Is there a second?

COMMISSIONER BRIDGES: I second.

COMMISSIONER ROTHENBERG: Mr. President, we are just voting on this proposal of Mr. Thiemann. Is this correct?

COMMISSIONER BRIDGES: Yes.

COMMISSIONER GOLDMAN: We are just voting on the issue, and maybe if you will you can give us a --

PRESIDENT RUDDEN: Let the record show that it is your suggestion thereafter that procedures be changed.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. THIEMANN: Item 28 is a request for approval of Supplemental Agreement No. 4 to Lease GS 09B 6564 with the U. S. General Services Administration. This a lease which is in existence, and has been for many years, and the amendment incorporates a reduction in area. The Federal Government gave

up a room on the second floor of the Agriculture Building, and we had it rented even prior to the time they actually moved out, so the Port has lost no money, but this is a reduction of the rent under this lease.

COMMISSIONER MORRISON: What is the term of this?

MR. THIEMANN: This is cancellable on 30 days' notice, but it is a five-year lease.

COMMISSIONER MORRISON: Move approval.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. THIEMANN: The last item I have on the agenda, No. 29, is, first of all, I wish to inform you that two ship repair companies have expressed an interest in leasing a pier from the Port for ship repair purposes. One company is a local San Francisco company, San Francisco Welding. They have talked with us off and on for several years about a pier.

The second company is from the Los Angeles area.

Because there are two people interested, and because at this point we have only one pier to offer for this purpose, I am bringing this before you and suggesting, if you wish to have a ship repair operating on Pier 28, that we advertise the pier as being available for this purpose, and accept bids on the basis of a lease which we will prepare and send you before we advertise it.

COMMISSIONER MORRISON: I would like a comment on this from the Port Director.

MR. DAVID: I have talked to Mr. Thiemann about this,

and it seems to me if you had a bid offering there should be a minimum.

MR. THIEMANN: Definitely, yes.

MR. DAVID: A minimum acceptable. I think your understanding was about $50,000, which would be the rental rate for the pier.

MR. THIEMANN: Actually, a little better than that.

MR. DAVID: This particular pier as available for maritime use. It is in excellent condition, but at the present time we do not have a user, and we have not had a user in this pier, I suspect, for the last year.

MR. THIEMANN: More than that.

COMMISSIONER ROTHENBERG: Does the pier have any special facilities that would make it more appropriate for ship repair than, say, the old Triple A pier?

MR. THIEMANN: No. The old Triple A pier has no value at all any more. There are less than five percent of the piles in there that are in good shape. We have talked to people about using that.

What the tenant will have to do in this pier is expend a large sum of money for electrical installation, particularly. A ship repair operation requires a great deal of power, so the tenant will have an immediate expense, out-of-pocket expense, for electrical as well as other things he has to do.

COMMISSIONER ROTHENBERG: He is just doing dockside repairing? It is not a drydock?

MR. THIEMANN: Not a drydock, no, sir.

COMMISSIONER ROTHENBERG: So the ships are just going to tie up alongside?

MR. THIEMANN: That's right.

COMMISSIONER ROTHENBERG: Does that mean, because of the electrical expense, we would have to give him a long-term lease?

MR. THIEMANN: Well, we are talking about a five-year term with a five-year option.

MR. BERNARDUS SMIT: Mr. Chairman, my name is Bernardus Smit, and I am appearing here on behalf of San Francisco Welding, the firm that Mr. Thiemann has just referred to.

We were here about 15 months ago, in August, '76, at which time we asked the Commission to rent the Pier 28, and there were two problems at the time.

One was financial, in that the rental was so far in excess of the rental of competitors that it became almost prohibitive for us to move in.

The other objection was stated by the then Port Director at the meeting, saying we have also got to think of our tenants and protect our present tenants, which is a rationale I don't quite agree with, but that is up to the Port.

But San Francisco Welding has been here for a long time. It now has 100 employees, By this attrition of the sea development, Mr. Picchi himself, who is Vice President, is here, has moved to the East Bay, and he would like to be able to have that pier to attract business which he is not now doing, which is being done by Todd Shipyard, and he can

compete better than bringing it on this side.

The two hang-ups that we seem to have faced is economic. Of course, the property management staff say, we have got to get the best rent we can. We say we would like to keep this business that is now across the Bay, we would like to keep it here, and even though that building may generate a little bit more revenue by giving it to nonmaritime or other uses, nevertheless there are 100 expensive payrolls on the table over here. We have already seen that this last year this business has actually gone over.

Now, this is probably the last time that we can make an appeal to the board to see if we cannot keep it here.

I don't know what is going to happen if the Los Angeles shipyard moves in. It probably would be another additional competitor in the Bay for the work that is available. I don't know what will happen to existing payrolls that we have. Maybe they will go to the other side.

We do agree that it will take about half a million dollars to fix up that pier, and we are prepared to go that far, but it is the rental that we are very much concerned with.

COMMISSIONER ROTHENBERG: Do you object to the notion of a public offering of the property?

MR. SMIT: Well, I would suggest this. Can we postpone this for another month, and we would make a proposal to the Port for a rental, and see if we can negotiate it out.

COMMISSIONER ROTHENBERG: The only problem is, we have been making it a habit to give public notice of any space we are going to have available, so that people who

don't happen to wander in our doors know about it. I think the point you are trying to make is that in a bidding competition the economics may get out of hand and you may not be able to justify it.

MR. SMIT: That's right. It is just a dollar value that I don't think will reflect what is at stake here. This is an old San Francisco family that has all its contacts built up, and a long-time business. We have a lot of associates. It is an old family business that has been around here for a long time.

And also the consideration of already going across the Bay, isn't that worth something to you?

COMMISSIONER ROTHENBERG: Is the kind of work you do the same as the kind of work that Bethlehem Shipyard or Triple A do?

MR. SMIT: Yes.

COMMISSIONER ROTHENBERG: But you are saying that, to the extent that you are already in town, you are already competing with them, so you don't think you will be getting more business or less business because you are moving down to the water?

MR. SMIT: We will be getting more business because we can take on larger jobs, and we will be getting it in San Francisco rather than somewhere else, and it won't go to Todd Shipyard.

COMMISSIONER ROTHENBERG: What I was trying to ask, and maybe it is not clear, is the business you are going to be getting business that otherwise would have gone to

Bethlehem or Triple A?

MR. SMIT: It is possible that some of it would have stayed on this side, but it is also very possible that it would go across the Bay.

I would like to maybe take this item up in another month, and in the meantime we will come back to the Port and we will have a proposal.

COMMISSIONER BRIDGES: I think we have to face the fact, what I get out of this is that you are suggesting that, inasmuch as you are a San Francisco firm and have been around a long time, you ought to get a break out of this, as against Harry's proposal to put the thing out to public bid.

COMMISSIONER GOLDMAN: Mr. Chairman, may I comment before you answer?

I respect the fact that bid per se is not really the answer, because a high bid and little business doesn't return that much to the owners, and yet we as a Commission have a responsibility to make available a major area of this nature to others that are interested.

And I respect the fact that if you can present the fact that you do have the capability of drawing more business, that may inure to the benefit of the Port, and maybe that would relate to your rental structure. If you can do that, I think it is something we would take into consideration.

On a simple rental basis, I think we have to be open. I think that is part of our obligation.

MR. THIEMANN: The reason that this is before you is because your adopted leasing policy is very specific that

you will accept bids, and that you will advertise your properties.

COMMISSIONER ROTHENBERG: Mr. President, the Redevelopment Agency has a policy of advertising all their properties in public bid, but they have a weighting process which allows them to award a contract not necessarily to the highest bidder, but the highest bidder that also meets various tests and other criteria.

I wonder if we couldn't put this out for public offering and specify in the bid package that we are not only going to be looking at the economic package, but we are going to be looking at the overall benefit to the City and County of San Francisco, in terms of where the jobs are coming from, etc., so we legally feel we have some leeway, whereas if this company comes in very close to the other, and we feel there is an overwhelming reason to do that, at lease we have an ability to do that.

I can understand his point of view. Some people may hesitate to bid, because they say, oh, they are going to mickey-mouse around, and look at it as a negative thing. But the Agency does it all the time, and they don't seem to have problems getting attractions, and maybe, given our desire to increase employment on the Bay, maybe if we do this we will come up with some interesting offers that may compensate us. I don't know.

Mr. Thiemann, would that compromise the bid process?

MR. THIEMANN: No. You have the option on it. I think Tony perhaps can answer this, but you have the option

to reject any and all bids and to choose a bidder for whatever purpose, whatever reason.

COMMISSIONER ROTHENBERG: It is easy when you talk about economics, but when you get into some of these other things it is very foggy, and I don't want to tie your hands.

MR. THIEMANN: I might point out that any ship repair operator working in San Francisco must hire his people through the local unions. These won't be union people coming from Los Angeles, if the other person is successful.

COMMISSIONER MORRISON: I would like to point out, first of all, it is valid we draw a distinction between maritime use and nonmaritime use.

MR. THIEMANN: This is a maritime use.

COMMISSIONER MORRISON: Our leasing procedures really were directed toward nonmaritime uses.

What I would like to be very sure of is that ship repair is the best use for that pier, according to our best judgment at this stage.

COMMISSIONER BRIDGES: What else could we use it for?

MR. DAVID: At this time, Mr. Commissioner, of the available finger piers for handling break-bulk cargo, this, even though it is in excellent condition, is the poorest, because it is a very narrow facility, a small transit shed, and we probably have three or four other finger piers that are not used all that much, that are much more desirable for handling ships.

Therefore, we thought, ship repair being a maritime

function, it would be a suitable use for this pier.

COMMISSIONER MORRISON: Mr. President, I don't know that we have to go out for leases every time we talk about a new maritime use. I make a sure distinction between maritime use and nonmaritime use.

Now, it is true that pier will be tied up for what, ten years, so this is an action that ought to be very carefully considered. But the question of whether we go out to bid or not really depends on the economics of the market, I think, more than anything else.

COMMISSIONER ROTHENBERG: Wouldn't we want to go out for bids for anyway, just to let everyone know that this is available? We can be somewhat arbitrary in how we word it, but I think we should let as many people know as possible.

It is one way that Prudential finds out what is happening next door, and they can comment on it.

COMMISSIONER MORRISON: Well, I would hope the staff has taken all that kind of action by this time.

(Several voices at once.)

PRESIDENT RUDDEN: Let's move on. Will you make your motion?

COMMISSIONER ROTHENBERG: I would move that we put this out to public bid, but instruct Mr. Thiemann to include some kind of language that just makes it clear to any bidder that the Commission is going to weigh a number of factors, that whoever the high bidder is doesn't feel that just by virtue of that he will be awarded the lease necessarily.

MR. BOBIER: Commissioner, are you intending that

only ship repair outfits would bid, or anybody?

COMMISSIONER ROTHENBERG: There are two ways we can do this. The problem with saying this pier is available is that it creates a lot of uses that would be undesirable. The benefit is, you may find out some maritime uses that are not necessarily ship repair.

(Several voices at once.)

COMMISSIONER MORRISON: It has to be restricted to maritime use.

MR. BOBIER: If it is restricted to maritime uses, then why not simply request proposals from ship repair firms?

COMMISSIONER ROTHENBERG: Jack was saying, we say it is available for maritime uses, rather than make it clear that this would be an ideal facility for ship repair, because perhaps some other maritime use would be suggested that we would have never thought of. I don't think we should make it so narrow that we exclude other uses.

COMMISSIONER MORRISON: I will second the motion, under the conditions stated.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. THIEMANN: The attorney for the Street Artists is now here.

MR. EPHRAIM MARGOLIN: I am Ephraim Margolin, representing the Street Artists.

COMMISSIONER ROTHENBERG: Perhaps Mr. David or Mr. Thiemann could just repeat for Mr. Margolin's benefit

the matter that is before us.

MR. THIEMANN: Yes. Mr. Margolin, as you know, when the Commission approved the license of the Street Artists, they directed me to come back in 90 days with a report, which I have done. I have told the Commission that I have had no objections from anyone.

Mr. Thielen, from the Fisherman's Wharf Merchants, indicated that he would appreciate the Commission's limiting it to a 30-day license, because of the construction on the adjoining property goes into the peak period of the summer, there will be a tremendous traffic problem, and there will be people who will be forced to walk in the street where the automobiles are traversing.

I think that is about where we were.

MR. MARGOLIN: If I may, I would like to bring to your attention that in the last 90 days I received three complaints. In each case the matter was resolved the same day. We then visited the complaining individual merchants. We found that they were satisfied with the solutions that were provided. That is all that we got in the way of complaints.

Number two, the policing in that area is the best in the City, as far as the Street Artists are concerned. Before you granted this conditional license, people used to go between cars on the street. Now there are ropes installed by the Street Artists, and the conditions are much safer.

I do not object to a review if there is a reason for it, but I would hate like blazes to have to come every 30 days before you, and charge clients for it. I would much

prefer a situation in which they have some sort of a security in that lease, in which they can beautify it, because at this point, financially, it was not worthwhile to beautify things. We were coming before you,and the whole thing could be revoked. They would like to beautify it a little bit, and I would like to suggest that if there are serious complaints, there is always the power to restore it to the calendar, and then we will come up, and we will try to remedy it internally, but if it is necessary we will come up before you.

To institutionalize a grievance in this situation will only work hardship on everybody, will cost money, and in the light of the last 90 days I am not sure that it is warranted.

COMMISSIONER ROTHENBERG: I think Mr. Thiemann suggested that most of our tenants are on 30-day licenses. That doesn't mean each 30 days they have to renew it. It just means that the Port at some time before, if it wishes to, can cancel it on 30 days' notice.

MR. MARGOLIN: I am aware of that.

COMMISSIONER ROTHENBERG: What are the options? Is it 30 days, or we just let it run until --

MR. THIEMANN: Well, if you give them a date certain --

COMMISSIONER ROTHENBERG: How is it written now?

MR. THIEMANN: As it is written now, it is a 30-day license, and this is what I suggested when I made my presentation, that you continue this on a 30-day basis until such time as the work is completed and they have to move, giving you

the option to cancel if there is a reason to. Obviously, you wouldn't cancel it just because you felt like canceling it.

COMMISSIONER ROTHENBERG: Many of the tenants in this building are on the same leases.

MR. MARGOLIN: I understand that.

COMMISSIONER ROTHENBERG: So I am not sure we are doing any disservice to the Street Artists.

MR. MARGOLIN: Our only problem with this, if I may -- I don't want to take too much time -- the only problem we have with it is this whole arrangement is part of a very intricate deal, in which we tried to get some spaces from the City, some from you, because 67 spaces were lost, and I would hate to --

Up until now we thought that until the building was finished there is security in the space, and they do not have to worry about that particular aspect of their activity, and I would like to leave them without that kind of a worry unless there is some overriding reason to bring it back before you.

COMMISSIONER ROTHENBERG: Given your stellar performance of late, it doesn't seem like you are going to have a problem.

MR. MARGOLIN: Well, we have learned that things can always develop. Who knows what the future will bring?

There is much more security in the arrangement I thought we reached, in which you wanted to check after 90 days how things are going, and then after that, the next time that my services will be requested, if at all, will be when the whole thing elapses, and we will have other arrangements

elsewhere, wherever they may be.

COMMISSIONER MORRISON: Mr. President, may I ask Mr. Thiemann, what is the estimated completion date?

MR. THIEMANN: I don't really know. Chuck?

MR. VICKERS: No, that is not our project.

COMMISSIONER ROTHENBERG: Simmons hasn't said?

MR. VICKERS: No, that is not Simmons' project. This is a project by the Cannery. It is across the street. It is not on our property.

MR. MARGOLIN: We were told that the estimate was 14 months, but we agreed that if for any reason the building is completed earlier than that, 30 days, whatever it may be, or later, for the benefit of the builder we will go along with the date of completion. He could not give us anything beyond the statement 14 months.

MR. THIEMANN: That was three or four months ago.

MR. MARGOLIN: That was some time ago.

COMMISSIONER MORRISON: So we are talking about a year, perhaps, from now.

MR. MARGOLIN: I could not giveyou the exact date. In the spirit of cooperation which existed up till now, our intention, and his, I believe, as to have both run concurrently, whatever that may mean.

COMMISSIONER MORRISON: Mr. President, can we have a one-year agreement, with each side given a 30-day option to terminate?

MR. THIELEN: I wasn't suggesting here a few minutes ago that the Street Artists have to come back to you

every 30 days. You do have a 30-day lease which will go on as long as everything is satisfactory.

All we are saying is, rather than see you sign it up for a period of a year or whatever, we would rather you just continue on the 30-day basis, so then, if there are problems next summer when the traffic gets heavy, it will be a little easier for us to do something about it.

If you give them the security of that, things may not be quite as good as they are now, and they have been fairly good.

I might say, too, that there has been more control over the type of merchandise sold. The Art Commission seems to be getting a little control. But I think you need to be aware that there isn't complete control yet, and I think that part isn't satisfactory, but we are not saying too much now.

The other thing you should be aware of, the only difference between the control over the street artists in this area and the street artists in the rest of the City is space control. If Mr. Thiemann could find some way to indicate what the actual spaces are, how many authorized spaces there are there, it would be a help to us, because we don't know, when it gets to be more than a certain number, whether they are authorized or unauthorized.

This would be a help to the police, too. That could be very easily worked out, I think.

MR. MARGOLIN: If I may add to that, in the complaint which I did receive, one of three, as I said, the question was raised. We resolved it the same day.

The way things are now going, there is simply no problem, and if I may direct your attention to the fact that the summer is behind us, which is traditionally the most busy part of the year, I am optimistic about what is facing us.

The reason why I am asking that you do not limit it to 30 days is because I am confronted in these things all too often with fire brushes, and all the energy and all the money goes on routine appearances, and I would rather devote my energies to something much more long-term.

COMMISSIONER MORRISON: Mr. President, it was my understanding when we undertook this project that, in view of the fact that there were fears about the kind of operation that would go on there, we would in effect have a 90-day trial period, and report back, and if the Street Artists passed the test, they would be permitted to remain there during the construction period. That is my recollection of the intention of the Commission, and I think we ought to try to achieve that.

My disposition would be, if this seems a regular form to you, Mr. Thiemann, to try for a one-year agreement with a 30-day option to conclude the lease.

COMMISSIONER ROTHENBERG: I think we also have to make it subject to the termination of the construction period.

MR. THIEMANN: Yes. It is my understanding, you are suggesting that this be, in effect, a one-year lease, with both parties having the option to cancel on 30 days' notice, and to end when the construction is completed.

COMMISSIONER MORRISON: And earlier if the construction

is completed.

PRESIDENT RUDDEN: So in effect they are still only on a 30-day basis.

MR. THIEMANN: That's right.

PRESIDENT RUDDEN: Do you have any objection to that?

MR. THIELEN: As long as they are on a 30-day basis, that's fine. That sounds okay to me.

MR. THIEMANN: In other words, they have a guarantee of a year's occupancy unless there is some drastic reason to cancel it, either on their part or on ours.

COMMISSIONER MORRISON: I move that.

COMMISSIONER BRIDGES: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothernberg and Rudden - aye; noes - none.)

MR. MARGOLIN: Thank you very much.

MR. DAVID: Mr. Vickers, Item 30.

MR. VICKERS: We received a letter from BCDC. They had reviewed their files to find out who was authorized from the Port of San Francisco to sign BCDC applications, and there were names on their files of former employees from several years back.

They suggested, and we agreed, that if we used a general type of form that just names the office, this would be satifactory with both them and ourselves, so I request approval of Resolution No. 77-15 authorizing the Port Director, the Deputy Port Director and the Chief Engineer to

represent the Port in all matters related to the San Francisco Bay Conservation and Development Commission.

They will just simply have this on file at their office, and when we send up applications we can sign them, as we are already doing.

COMMISSIONER MORRISON: So move.

COMMISSIONER GOLDMAN: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. VICKERS: Item No. 31.

MR. THIEMANN: Can I go back to the previous one? I did not see this resolution, but I will have a matter on the agenda next Wednesday, and I wonder if this resolution might not be amended to include authorizing the Chief Engineer to participate with our tenants in making application to BCDC.

MR. VICKERS: That is what it says.

MR. THIEMANN: Is that what it says? Okay.

MR. VICKERS: I am requesting approval of Modification No. 1 to Contract 2466, Ferry Plaza Electrical Service. Modification No. 1 covers two changes in the contract, including relocation of the transformer pad at a cost of $13,455.85, requested and to be paid for by the Golden Gate Bridge, Highway and Transportation District, and installation of an additional electric feeder at a cost of $172.25, five-eights of which is payable by the Golden Gate Bridge, Highway and Transportation District and the remainder by the Port.

The total modification is in the amount of $13,6 28.13.

I felt I should read this to you, because except for about $100 of it, it is all paid for by the Bridge District, but it is our contract, and we have to process it, and I need your approval.

COMMISSIONER ROTHENBERG: Is it going to affect any of the --

MR. VICKERS: No. It is already done. The work is done.

COMMISSIONER ROTHENBERG: If it is done, I move it.

(The motion was seconded, and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER ROTHENBERG: Can I just ask Mr. Vickers, what is the status? They are not using the pad yet, are they?

MR. VICKERS: The transformer pad?

COMMISSIONER ROTHENBERG: No, the ferry slip.

MR. VICKERS: No.

COMMISSIONER ROTHENBERG: Do you know what their timing is?

MR. VICKERS: Their original target date was February, but it must have slipped.

MR. THIEMANN: I have heard March lately.

COMMISSIONER ROTHENBERG: I am wondering whether their use of Pier 1 will change.

MR. THIEMANN: No. They are proposing to keep the outer portion of Pier 1 as a standby berth. Originally they

intended to abandon that. We will be back to you with that problem.

MR. VICKERS: Ed, I have another little item. It is just an informal thing, but our Chief Building Inspector retired last week, and I was planning to have him at the last board meeting so he could be present. He had been with us for over 23 years, and did excellent work, and I have a little resolution here I would like you to adopt honoring him, so I can frame it and give it to him the next time I see him. It is Glenn Gibson, Chief Building Inspector.

PRESIDENT RUDDEN: I am sure that has unanimous approval.

COMMISSIONER MORRISON: So move.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER GOLDMAN: Mr. Chairman, in the light of recent events I have decided that a statement should be made in the best interests of the City and County of San Francisco and myself.

When I became a member of the Port Commission in January, 1977, I assumed a responsibility to serve the community, and recognized that my activities would be subject to public review. This is, indeed, how it should be.

Statements have been made relative to my position as a member of the Commission to which I would like to respond.

Neither I nor any member of my family has now or ever

had any right, title or financial interest of any sort in Pier 27 or, as a matter of fact, in regard to any other Port property.

Allegations that such interests might exist seem to stem from the fact that six years ago I introduced, but have never pushed, the possible use of Pier 27 and other existing facilities, such as the Fort Mason piers, as a convention center. This was in no way a part of any maritime/real estate controversy over use of Port property. Instead, it was suggested as an economic answer to the City's need for a convention center and a viable contributor toward solving the Port's financial needs. I have done nothing to advance this idea since joining the Commission, and have for many months considered the subject to be dead.

Much of the present controversy has arisen because of the job status of the former Port Director, Thomas T. Soules. Firing anyone is always a difficult task. My fellow commissioners and I each searched his conscience, reviewed Mr. Soules' past performance, and looked to the future interest of the Port, and I supported the motion made by my fellow commissioners to terminate the services of Mr. Soules, as noted in the press release which was made, and delivered.

The name of an honored San Francisco company has been dragged into this controversy because I happen to be related by marriage to the founding family of Levi Strauss. Although my wife and I are stockholders in that company, and the insurance company with which I am associated does business with that firm, I have no role in the management of the

company, and its management has made no requests of me as a commissioner. Furthermore, it is my understanding that Levi Strauss & Company has no right, title or interest of any sort in any Port property or property adjoining the Port, and contemplates none.

Finally, let me say as strongly as I know how that if any matter comes before this Commission involving Levi Strauss or any other entity in which I may have an interest, I would unhesitatingly refuse to vote on that issue.

Thank you. I hope this will be entered into the record.

COMMISSIONER MORRISON: I move adjournment.

MR. DAVID: Mr. President, I just wanted to introduce Krista Fuglestad, our new trade promotion representative.

(Whereupon, at 11:40 a.m., the meeting was adjourned.)

SF
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#3

SAN FRANCISCO PORT COMMISSION

REGULAR MEETING

November 23, 1977

Board Room

Ferry Building

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COMMISSIONERS PRESENT:

James J. Rudden, President
Harry Bridges
Richard N. Goldman
Jack Morrison
Alan E. Rothenberg

COMMISSIONERS ABSENT: None

ALSO PRESENT:

Richard A. Bobier, Chief Counsel
Donald Boyd, Sales Manager
Edward L. David, Acting Port Director
Julius E. Herren, Director, Administration & Finance
James E. Huntsman, Administrative Services Officer
Anthony J. Taormina, Special Assistant to Director
Harry J. Thiemann, Commercial Property Manager
C. L. Vickers, Jr., Chief Engineer

P R O C E E D I N G S

COMMISSIONER BRIDGES (Chairman pro tem): The meeting will come to order.

May we have a brief report on the Crow's Nest?

MR. DAVID: On the Crow's Nest, we have had a change of administration here within the last week, and I would like an opportunity to work with Mr. Bobier on this Crow's Nest lease and come back to you on the 14th of December.

The same thing is true in terms of the cable car extension. I had a meeting on Monday afternoon with Mr. Wentz, of the Public Utilities Commission, and he has sent me a letter, a letter to the Commission, recognizing that there has been a change here, and has requested that this matter be put over until the 14th of December.

I am asking that Item 1 and Item 2 be put over until the 14th, your next regular meeting.

COMMISSIONER GOLDMAN: Can we take them one at a time?

On No. 1, the Crow's Nest lease, I feel this is certainly proper. There is much confusion in various minds about what has been done. We want to do the fair and equitable thing, and we rely on the judgment of the staff to guide us, so if the 14th is the designated date, that is fine.

But I would like to speak to Item 2.

COMMISSIONER MORRISON: Is the restaurant open now?

MR. LOUIS MAGLIULO: Yes. It was temporarily

closed, and we opened it up cafeteria style.

MR. BOBIER: It is open on a cafeteria style basis, pending resolution.

COMMISSIONER MORRISON: I move we continue the matter.

COMMISSIONER GOLDMAN: Second it.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison and Rothenberg - aye; Commissioner Rudden - absent.)

MR. GOLDMAN: On No. 2, I regret the delay. I appreciate the reasons for the delay in resolving the matter. I understand from Mr. David there is general agreement. It is just a matter of formalizing on the part of our staff with the PUC, and I feel that we must, without any question on it, resolve this matter at the next meeting. If it is the desire to extend it to the next meeting, under the circumstances I respect that, but at the same time I think that all the debate and deliberations have been completed. I think it is just a matter of submitting some numbers, which I think in a few minutes here we can resolve ourselves, but it is better to go through normal channels. I just want to make certain that this matter will be resolved at the December 14 meeting.

COMMISSIONER BRIDGES: I am in favor of continuing it, but can we resolve it at the next meeting? Did you make any progress in the meeting with Wentz?

MR. DAVID: Yes, sir, we did, and I know you, Mr. Bridges, have asked in the past several meetings for

in effect a staff written recommendation regarding the extension, and we will have such a recommendation for you.

COMMISSIONER BRIDGES: Does that include the possibility of approaching UMTA for more money?

MR. DAVID: I can't answer that today, sir.

COMMISSIONER BRIDGES: All right. If there are no objections, it will be continued to next week.

Next item.

MR. DAVID: Mr. Thiemann?

MR. THIEMANN: The City and County of San Francisco has requested that the Port lease, for a six-month period with some options, 2,275 square feet of office space in the Pier 80 Administration Building on the ground floor.

There was an error in my backup material to you.. It says 700 square feet, but that is part of the 2,275.

The rent would be 35 cents a square foot, with all utilities furnished, or $800 per month.

I would like to recommend approval.

COMMISSIONER ROTHENBERG: What is the term of the lease?

MR. THIEMANN: Six months, with a couple of six-month options.

COMMISSIONER ROTHENBERG: What happens if we decide to use the space? Is there any way we could do this on a 30-day option?

The only reason I ask that is that there are two possibilities. One is the possibility we talked about a long time ago, where we would relocate the Port staff,

whereby the might go to 80, or the the Ag Building next door.

MR. THIEMANN: Well, there is room enough for the Port in the balance of the vacant space in the Administration Building.

COMMISSIONER ROTHENBERG: The second question is, in the more likely event that we don't locate the Port staff down there but decide to lease out the building, it would probably be easier to offer it as a building as opposed to a piece of a building.

MR. THIEMANN: Well, we have permanent tenants in the building right now.

COMMISSIONER GOLDMAN: I want to make a comment about that. We have tenants. It is unfortunate we have them under lease with a limited amount of space.

However, following Commissioner Rothenberg's point of view, if the opportunity comes to get a tenant to take over all of the building at a more realistic rate to the Port than 35 cents a square foot, which is today warehouse space, practically, I would suggest that these people can be moved.

For example, the permanent tenants today, as I recall, is a company that is trying to develop an intercoastal --

MR. THIEMANN: They are on a month-to-month basis. The States Steamship Company is the permanent tenant.

COMMISSIONER GOLDMAN: How much space does States have?

MR. DAVID: They have 1,000 square feet, one fourth of the building, and this is vital to their pier operations..

COMMISSIONER GOLDMAN: Isn't there other space in the area that could accommodate them?

MR. THIEMANN: States? No, sir.

COMMISSIONER ROTHENBERG: My only concern is six months versus 90 days or 30 days or whatever it is. I have no problem with putting the City in as our tenant. I am just worried, if we get a more attractive offer to use the space, the kind of space the City needs is a little more flexible.

MR. THIEMANN: Mr. Rothenberg, this building is in an area that is undesirable for large office occupancy.

COMMISSIONER ROTHENBERG: I understand that.

MR. THIEMANN: And Mr. Goldman has an ad hoc committee which has been looking for some time to help us with a tenant, and I haven't seen any yet.

COMMISSIONER GOLDMAN: Let me comment on that. I don't have any committee.

Number two, I would like to state that this committee is not taking on all of the areas that the staff has maybe not pursued vigorously.

But I would say that when APL was here that building was perfectly adequate for their use. They were happy with it, so I don't accept the fact that there can't be a tenant interested in that building at the appropriate time and the appropriate circumstances.

It is a shame that we are not using the real estate sources of this community, which I trust the staff is going to take under consideration, and that in the future we will be leaning on that particular source. That is the way

properties are rented or sold in this community, and the Port should be no exception.

MR. THIEMANN: Mr. Goldman, we are using the real estate facilities of the community. This building has been shown many, many times by local real estate people.

COMMISSIONER MORRISON: We are not getting anywhere. Let me ask whether the City is agreeable to a provision for a termination on 60 days' notice?

MR. ROBERT LAVELL: My name is Bob Lavell, and I am with the City Real Estate Department.

The department we are putting in there is a combination department, Weights and Measures and the Department of Agriculture, and they have quite a bit of equipment, technical type of equipment in the lab, weighing type of equipment.

We of course would always be willing to cooperate with the Port. That is our purpose in actually trying to lease the property, in cooperation with you people.

I am certain that if something came along that was really of benefit to the Port, we certainly wouldn't stand in your way. We would work out some other arrangement. But we have the problem of budgeting, as you recognize, and so we try to set things up on a budget basis.

We asked that we be able to occupy it until June of this year, and that future extensions annually be given, so that we can also make our similar budget approvals.

Now, if something came along, obviously, we are the same family. We are certainly going to help.

COMMISSIONER ROTHENBERG: We are delighted to have you as a tenant. We are just trying to figure out the terms in terms of when would be the first time, in the event we got into some disagreement, when would be the first time we could ask you to leave.

MR. LAVELL: Well, initially we are asking for a very short period of time, which goes to June. And if you had something that came in, even in that period of time, that was vital to you, I am sure we would be open to it.

COMMISSIONER GOLDMAN: Mr. Chairman, from the way Mr. Lavell has spoken, I feel comfortable with it. Being part of the same family, we are hopeful that we will be able to upgrade the use of this.

I would move approval.

COMMISSIONER ROTHENBERG: I will second it.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison and Rothenberg - aye; Commissioner Rudden - absent.)

MR. TAORMINA: Mr. President, members of the Commission, we are requesting approval today of the proposed lease with the Mission Creek Harbor Association. A copy of the lease and a memorandum was delivered to each member of the Commission.

On June 8 of 1977 the Port Commission approved the staff's recommendation concerning drafting of terms and conditions for this lease, and we have since been meeting continuously with the Mission Creek Harbor people, their attorney and our staff, in trying to reach some form of

agreement, which we have reached and are presenting to you today.

We are asking your permission to approval a lease agreement with the Mission Creek Harbor Association, which is a nonprofit corporation in California. The general terms of the lease are for ten years commencing on the first day of the month following the completion of the marina as you see on the map to your right.

The area we are talking about is Channel. To try and give you some perspective, this is Fourth Street, the Fourth Street Bridge. This is Blanche's. The area that we are talking about is up here in the channel, where people have moored their boats in the past and have been using it basically as a live-aboard houseboat type of marina.

The leased area is outlined here in red, which will include a wharf area, berths, ramps to the berths, and a bath-house which will have a toilet facility as well as washing machines and some other general storage area.

The area in here in green is the public-access area, which will be put in by the City and County of San Francisco as part of the sewer program.

The area surrounding the bathous will be a public-access area as well, and community garden area, which will be put in by the Mission Creek Harbor Association, utilizing a $14,000 grant, or two grants, that they have received, one from the Neighborhood Improvement Program as well as a grant from the Bicentennial Improvement Program.

The initial lease areas would be the bathhouse, the

wharf and the berthing area.

The Association will also have the ability in the future, if they want to, to be able to expand the harbor, at their expense, with suitable rental terms to the Port, down towards Blanche's, as well as into this area here, where they have discussed the possibility of putting some form of ramp for repair work for some of the boats, as well as other boats in the area.

The Association will also have a right to extend this lease agreement for an additional ten years, based upon suitable rental terms, which would be worked out between the Port and the Association. We would be using as a measure on the new terms at the end of ten years the maintenance experience that the Port basically will have in this particular area.

Under the terms of this agreement the Association will be paying us $1,800 a month rent. In that figure there is $600 a month which is denoted for maintenance. The remainder portion of the rent goes to amortize the out-of-pocket cost of the new marina, based upon the May 23 memorandum, which was previously approved, which is an amortization over 20 years, using the Department of Navigation and Ocean Development criteria.

The maintenance portion of the rent, which is denoted for maintenance, will be adjusted each year in direct proportion to the increase in cost of maintenance.

Now, the tenants shall use this area basically for live-aboards, and there will be very stringent requirements on dumping into the Bay as far as their toilet facilities. We

have a pumping station in there. They will have to put in individual pumps in their boats. This has all been laid out in the BCDC permit in allowing this use, and the Association has agreed to conform to that permit as far as the acceptable uses.

The tenant will also be required to provide a $2,422 security deposit as part of the lease arrangement.

The utilities are basically, this is the electrical switchboard, and we basically bring utilities to the floats, and in fact the provisions in Paragraph 6 outline the provisions on the utilities rates.

The tenant will be, as I mentioned, paying approximately $7,200 a year maintenance in this first year, and again, that will be escalated each year. That will basically mean that the Port will be responsible for what would be general routine and periodic maintenance of the bathouse structure itself, not the interior, just the structure of the building. We will maintain the electrical service to this particular point. If they want to bring additional switches down into the area, they will have to do that at their expense.

We will maintain the pumping station, which we have one here, and we will also be responsible for the deck, the substructure. This basically is wooden structure. It will probably have to be repainted every five years, and the money that we will be collecting will go toward the repainting of this in order to keep it up in a suitable manner.

The tenants themselves will be responsible for all

other routine maintenance within the area, both in the bathhouse, routine maintenance such as changing any light bulbs that may have to be changed, or any other things that are not specified in the lease.

COMMISSIONER GOLDMAN: Mr. Chairman?

MR. TAORMINA: If I can finish one more point, then I will be finished.

One of the key points that I want to bring to the attention of the Commission, which I brought out in Item 7 of my material, regarding the comprehensive liability insurance which we require on each of our tenants. the Association has attempted to place their public liability insurance at our accepted level, which is $300,000 per injury of any one person and $1,000,000 for injury or death of all persons in any one accident. They have been unable to place that insurance, based upon, one, the experience that they have as a nonprofit just basically coming about, and basically on the fact that the experience with this type of operation is very poor.

They have in fact said to us that they would be able to provide us public liability insurance in a lesser amount, at $200,000 for injury or death of any one person, $300,000 for injury or death of all persons in any one accident.

This is below our policy, our standard, and staff has to bring that to your attention. I do believe, and we discussed this with the Port Director, he felt that they did show a diligent effort in this matter, and that based upon that we would bring this lease to your attention with

our approval at this time.

When I mentioned the Port Director, this was Mr. Soules and I who put together this particular lease arrangement.

Generally, all the other provisions of the lease have been gone over by the Deputy City Attorney,, Mike Cohen, and have been generally part of our standard lease arrangements.

Ruth Huffaker, from the Mission Creek Harbor Association, is here today. There has been a very drastic change in this area from what it might have looked like in the past, where there were dilapidated piers, and the same people were at threat of danger to themselves and to the Port itself, of course. They were living there, and at that time we did offer to contruct this marina for the purposes of these people.

To that extent, we utilized most of our own work force. We utilized recycled material from other piers that we were tearing out to construct this particular harbor.

The Association has been paying rent on a prompt basis to the Port of San Francisco while we have been negotiating. There is a holding rent provision, and we do feel that they are acting in good faith to work with us, and I would recommend approval of this particular lease

COMMISSIONER GOLDMAN: Mr. Chairman, first of all, how many houseboats are utilizing this facility at the present time?

MR. TAORMINA: There are 55 berths in the area, and the live-aboards and houseboats are limited to 20, so

there will be 20 live-aboards.

COMMISSIONER GOLDMAN: There are 20 there now?

MR. TAORMINA: There are 20 there now. The marina was constructed simply for the people that were there. It was not constructed as a way of inducing a lot of other people into the area.

COMMISSIONER GOLDMAN: What do you intend the other 35 berths will be used for?

MR. TAORMINA: The other 35 berths will also be used by people who have traditionally been in the Channel, but do not utilize the area as live-aboards for houseboat purposes.

The BCDC permit is quite specific, saying that there will be no more than 20. If in fact we find out after the execution of the lease that there are more than 20 people or 20 boats being utilized for live-aboards, we will have the right to cancel this lease and evict the people, because it would be a violation of the lease as well as the BCDC permit.

COMMISSIONER GOLDMAN: Do I understand that anybody with a boat that want to go into the Channel can dock at one of the other berths for a period of time?

MR. TAORMINA: No. Each of the berths is assigned to someone who was originally part of the Mission Creek Harbor. There is a docking application which they have prepared that will be submitted. We will have a list of the people who will be there, and we are basically restricting the marina at this time to those people.

Again, we were attempting to take care of a group

of people whom we recognized as, you might say, a neighborhood in San Francisco at Mission Creek, so it is really limited to those people.

If in the future the Association feels that they can afford an expansion of that marina, then there would be a possibility of opening it up for people who were not part of the original Mission Creek Harbor.

COMMISSIONER GOLDMAN: Right today, how many of those berths have a boat in them?

MS. RUTH HUFFAKER: All of them.

COMMISSIONER GOLDMAN: In other words, they are being utilized by people who berth their boat but don't live on it?

MR. TAORMINA: Right.

MS. HUFFAKER: The reason for the 55 berths, that is how many boats were in when it was condemned.

COMMISSIONER GOLDMAN: Then I understand that there are 20 boats live-aboard and 35 non-live-aboard, and all of them are being accommodated in those 55 berths?

MR. TAORMINA: Yes.

COMMISSIONER GOLDMAN: One other question. On the liability matter, it is a concern of mine as to precedent-setting. Do we have other tenants who are not meeting the requirements?

MR. TAORMINA: No.

COMMISSIONER GOLDMAN: If that be the case, how do we justify making an exception without setting a precedent for anybody else?

MR. TAORMINA: This is a matter I discussed with Mr. Cohen, who is the Deputy City Attorney on this matter. I discussed it with Mr. Huntsman.

We feel that there is a principle here which is that the Association that we are dealing with, the nonprofit association of Mission Creek Harbor, and the commitment that we made to them to design and build them this facility, in fact they did make a diligent effort. They went around. Maybe Ruth can comment on the efforts that they made. The situation at Mission Creek is unique, in the sense that it isn't something that I think we will confront again, and I would think that we are not necessarily setting a precedent.

In fact, if the Commission does approve this, I think it would be the provision that they are approving this on the basis of the principle of the Mission Creek Harbor Association, for them only, and not to set any precedent for other people to come in to us with less liability.

COMMISSIONER ROTHENBERG: Maybe the way to resolve that is that we waive the additional public liability coverage for calendar '78. At the end of '78 they will have a year's track record. We don't relieve them of it ad infinitum. We ask them to go back at the end of '78 and try and cover this placement, because we are liable if they are not.

MR. TAORMINA: That might be a very --

COMMISSIONER GOLDMAN: I would like to add, I can't distinguish between one nonprofit corporation and another. In other words, if we make an exception for Mission Creek Harbor, that is a nonprofit corporation. That means that the

XYZ nonprofit corporation that is doing business with the Port may have every right to demand the same.

I also would like to comment, I think it is fine that they have been able to obtain $200,000 and $300,000 coverage, and I see no great difficulty, having placed the primary amount, that they can't acquire the extra hundred thousand per person and the extra $700,000 per accident on top of that.

MS. HUFFAKER: May I say something?

I have had two broker's looking into it, and of course they don't like marinas, the insurance companies don't. But they said ours was a little easier because we are a corporation, and everybody that has a boat belongs to this corporation.

The construction work, that scared them off. As soon as the construction work is through and the gates are on the ramps, we can get more coverage for the same money we are paying right now.

COMMISSIONER GOLDMAN: Then I think the exception that Mr. Rothenberg referred to should be maybe strengthened, and state that the first year, or whatever period is the desire of the Commission, we will allow an exception in this one case, with the understanding that it must meet the qualifications in subsequent years.

MR. TAORMINA: I think that would acceptable to the Association, because in their lease that was drafted by the attorney it does state in here, tenant and Port shall review periodically the amount of public liability carried

pursuant to this paragraph. If it is found to be the general commercial practice of the City and County to carry public liability insurance in an amount substantially greater or lesser -- and in this case it is greater -- then the amount then being carried by the tenant which would be with respect to risks comparable to those associated with the leased premises, the amount carried by the tenant shall be increased or decreased to conform with standard general practices.

I think we can then put in there that we would do it at a date certain.

COMMISSIONER ROTHENBERG: I don't want to offend the City Attorney, but can't we just put in there that we will do it in December of '78, or whatever.

I think the important point is that we are going to take on a lot of liability, and our coverage keeps going up every year. You are probably right that your carrier will be willing to increase that coverage in a year, and this will give you a year to prove to them that they don't have anything to worry about.

MS. HUFFAKER: We are with a risk insurance right now. The insurance company said they hadn't quite run across a case like this before themselves.

COMMISSIONER ROTHENBERG: This way you can come up with a year's experience, and then they will know they don't have anything to worry about.

MR. TAORMINA: Talking to our Maintenance Department -- Chuck might correct me if I am wrong -- as far as the floats and the decking is concerned, excluding the

bathhouse, that should be completed by the end of this year, so that in fact we would have all the gates up and stuff.

COMMISSIONER ROTHENBERG: That is the bathhouse. I couldn't find my copy of the lease agreement. Is there anything in there that makes it clear that the use of the bathhouse is limited to the tenants of the wharf? What I am worried about is, San Francisco is blessed with a large population of people who live in recreational vehicles, in the backs of trucks, etc. I just want to make sure there is some control of the facility. Otherwise it will become a public bathhouse, and the liability that can occur in that in terms of people having accidents --

MR. TAORMINA: When we discussed that, we were discussing whether it would be at all feasible to make it public, at least the public restrooms open. We ran into the problem with the liability again.

That is why we have definitely included it in the lease as part of the Association. It is part of their leasehold and as a bathhouse it is basically related to the operation of the marina.

COMMISSIONER ROTHENBERG: I am more concerned about understanding what we have in the contract, that it is for the use of our tenants, and not campers.

MS. HUFFAKER: This is what I thought, we are supposed to be open space for our BCDC permit, and we would keep that locked at all times, but I believe there is some kind of a law, to keep your place cleam you have to have public toilet facilities. We have beem renting a sanitary

toilet, and we will just keep that up.

COMMISSIONER ROTHENBERG: I don't know what the law says. I just don't want to put you in the position of worrying about a lot of nonmembers of the Association using your facility.

MR. TAORMINA: Check, we checked that out on the BCDC permit, did we not, and we were told that we do have to provide the public access, but we are not required to provide the public restroom, and they can in fact keep that locked. We checked it out, so it will not be open to the public.

COMMISSIONER ROTHENBERG: If the tenant isn't worried about whether they can use the restroom, that doesn't bother me as much as the bathouse, in the sense of shower facilities, and an accident in the shower.

COMMISSIONER BRIDGES: We are sharing the liability.

COMMISSIONER ROTHENBERG: I don't want to have a parade of people through there, because that is the way the accident rate goes up.

MS. HUFFAKER: I think the insurance would be prohibitive if it was kept open.

COMMISSIONER ROTHENBERG: I don't want to limit your options. I just want to make sure we are protecting you, too, so you don't feel you have to provide all these facilities.

COMMISSIONER MORRISON: Mr. President?

You spoke of provision for expansion of the berthing facilities. What procedures would the Association go through in order to expand?

MR. TAORMINA: They would have to present their plan to the Port, which would go through our normal procedures through the Engineering Department in laying out the feasibility. They would have to get a BCDC permit for expansion. It is a maritime use, so I don't think City Planning would necessarily be in on the use if they wanted to expand.

Then they would also have to go through our rent department in negotiating the terms of the expansion, and basically the expansion would in fact have to be worked out at the expense of the Association. In other words, the Port would not build an additional berth under the same provisions that we have built these, because --

COMMISSIONER MORRISON: Does the Association have any present plans for expansion?

MS. HUFFAKER: We would like to. Actually, it is real bad. There is not enough berthage for small boats.

COMMISSIONER MORRISON: I would think this might turn out to be a very popular type of development.

MS. HUFFAKER: There are a lot of people that come in and they want a berth, and they say, who is building this?

Just for our use only, we have enough, but I think it is an idea that should be expanded later on. I think it will work out very great.

COMMISSIONER MORRISON: I move approval.

COMMISSIONER GOLDMAN: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison and Rothenberg - aye; Commissioner Rudden - absent.)

MR. DAVID: Mr. Boyd will present a proposal to lease Pier 48 to the Crown Zellerbach Corporation.

MR. BOYD: Mr. President, Commissioners, we are requesting approval for a proposed lease of Pier 48A and 48B by Crown Zellerbach.

You have, I think, a copy of the lease. I would like to bring to your attention a few changes that have been made on the lease since the one you have received.

Specifically, on Page 2, Paragraph III, the current license that we have with Crown Zellerbach at Pier 45 was identified as No.6849. Correctly, it is 7559. That is the current one.

I would also like to bring to your attention, on Page 10, Paragraph VI, under the paragraph heading of improvements by the Port, where on the original lease that you have it indicated that the Port was to make improvements to a cost of $50,000, that has been changed to $60,000, and the reason for that is that there is a division of expense incurrable for installing of shorepower of 40 watts and 900 amps to each berth. We feel that this is an acceptable change to this particular item.

But let me proceed as to why we would recommend your approval. We find it is mutually agreeable to Crown Zellerbach and to ourselves. What it does suggest is that we will have an annual lease of $67,200 at Pier 48A and B. Currently at 45 under the license we are securing around approximately $16,500 rental. Actually, the different in square footage is not all that great, I might add.. Currently at

45 they are utilizing about 260,000 feet, and this is approximately 280,000 feet.

COMMISSIONER MORRISON: May I interrupt you? Is it your belief that our revenue will increase?

MR. BOYD: Yes, and I think the reason why I believe that, Mr. Commissioner, is that the guarantee that is in the lease is $171,000 from wharfage and dockage. That is their minimum guarantee.

Between $171,000 and $225,000 there will be a share of 75 percent to the Port and 25 percent to the tenant. In excess of the $225,000, it is shared 50-50.

Now, you asked for my belief, and this is my belief.

COMMISSIONER MORRISON: We presently are getting $200,000, about?

MR. BOYD: We are getting about $160,000 average in dockage and wharfage at 45 now.

COMMISSIONER GOLDMAN: Plus rental.

MR. BOYD: Plus rent, and they are now prepared to pay us the rental of $67,200, plus a minimum of $171,000, with the subsequent increases that I mentioned.

And I do believe, Mr. Morrison, from the conversations we have had with Crown, they do anticipate a sizable increase in their activities, and that is one reason why (words inaudible), so that we can split the tariff.

COMMISSIONER GOLDMAN: May I ask, Mr. Chairman, I am just curious to know how we arrive at the rental charges. Is that following some formula, or is that a negotiable item?

MR. DAVID: The rental formula at Pier 45, where you see the dramatic change from $16,000 to $68,000, where they are going into about the same amount of space, when they originally moved to Pier 45, they did so reluctantly. It was a case of this was the only facility we had available for their operation.

But they recognized that, because of the traffic congestion at Pier 45, the trip to the San Francisco Printing Company and moving the newsprint was going to be terribly costly over any other pier facilities. Therefore, they made a study of the difference in the time, and we made a reduction in their rental rate at Pier 45. That is why you have the $16,000 figure.

But all maritime piers, traditionally here, we have had a rental rate of two cents a square foot.

COMMISSIONER GOLDMAN: How long has that been in effect?

MR. DAVID: Two cents per square foot has been the rental rate for 20 years, at least.

COMMISSIONER GOLDMAN: And no provision for an escalation due to inflation?

MR. DAVID: No, sir, because our income off of these piers is primarily from wharfage and dockage. I might add to that that the Port of Oakland does not charge rent for pier space. Their revenue is only the wharfage and dockage.

So the $68,000 figure reflects our normal two-cent rate which is paid by every other maritime tenant.

COMMISSIONER GOLDMAN: Well, then I guess it leaves the apparent question, how does our dockage and wharfage charge compare with the Port of Oakland?

MR. DAVID: They are exactly the same in this case. The rates are negotiated through CAPA, the California Association of Port Authorities, and the rate for the handling of newsprint in Oakland, Long Beach, would be exactly the same as San Francisco.

COMMISSIONER GOLDMAN: So in other words the two cents per square foot is over and above that which other ports are receiving from comparable tenants?

mr. david: Yes.

COMMISSIONER MORRISON: Mr. President, I have another question.

What is our present revenue from 48?

MR. BOYD: We have no utilization currently.

COMMISSIONER MORRISON: We have some tenants there, I believe.

MR. THIEMANN: There is a small trucking line there, which is moving across the street. Off the top of my head, their rent is a couple of hundred dollars a month.

COMMISSIONER MORRISON: From the entire facility?

MR. THIEMANN: They don't use the entire facility. They have an office. That is all we get from that facility, yes.

COMMISSIONER MORRISON: And that trucking company will go --

MR. THIEMANN: Across the street.

COMMISSIONER ROTHENBERG: Mr. President, I move approval.

COMMISSIONER GOLDMAN: Second.

(The motion was carried unanimously; Commissioners Bridges, Goldman, Morrison and Rothenberg - aye; Commissioner Rudden - absent.)

MR. VICKERS: The only reason I wanted to add something here is that approximately $35,000 worth of the $60,000 worth of work will be done by the Maintenance Department. In keeping with your policy of getting approval for projects over $10,000, I would like your approval at this time.

COMMISSIONER MORRISON: So move.

COMMISSIONER GOLDMAN: What is that an increase from, again?

MR. VICKERS: No, no change from Mr. Boyd's request. It is just that more than $10,000 worth of the work will be done by the Maintenance Department on this project, and I need your approval for that.

COMMISSIONER GOLDMAN: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison and Rothenberg - aye; Commissioner Rudden - absent.)

COMMISSIONER MORRISON: Mr. President, in connection with this action, it occurs to me now that it becomes extremely important to the Port and to the Commission that we do some planning for the eastern side of Pier 45. May I ask the Port Director what he intends to do in this respect?

(President Rudden here entered the room and assumed the Chair.)

MR. DAVID: Well, in working with Mr. Vickers, we are awaiting the final report from the architect, George Raad, that we contracted with to make a study of Pier 45, one for fish processing, and the other was the feasibility of 45 as a passenger terminal.

MR. VICKERS: May I talk out loud a second?

Tony, do you think we will be ready to report back to the Commission pretty soon on the whole Pier 45 matter?

MR. TAORMINA: I would say by the first of the year, our first meeting in January, I would like to present our report, because I think we will also have a little more feel on the Corps of Engineers breakwater.

MR. VICKERS: Can we report back to you, then, by the first meeting in January?

COMMISSIONER ROTHENBERG: Can we do the Ciampi at the same time?

MR. VICKERS: That is the Ferry Building.

COMMISSIONER ROTHENBERG: I understand that. I am just thinking about all of our work in progress.

COMMISSIONER MORRISON: That seems fine to me.

As I recall it, the architect we engaged was told to do very little with respect to the eastern side of Pier 45, and to really confine himself to the fish processing question, so it would seem to me that in all likelihood what you get on your report in January will not be a satisfactory evaluation of possible uses.

MR. TAORMINA: It is for that reason I would say, give us till January, because in fact we would have to spend our staff time in order to give you the complete picture. So, while we will get from Mr. Raad the fish processing aspectsm between now and January Mr. Vickers and the staff can present the other side, so that when we present the Raad proposal on fish processing we can present ours alongside of that.

But I would think yes, the site of the passenger, as was pointed out by the Commission, will be the primary responsibility of our staff.

COMMISSIONER MORRISON: That facility is a very attractive piece of bait for all kinds of scheming developers, and I would hope that we have our plan for what it is to be used for.

MR. TAORMINA: As it turns out,the fish processing, they just keep moving all around the pier.

MR. DAVID: Mr.Morrison, that is exactly what we are doing. In terms of the passenger terminal for the south side of Pier 45, we are looking at that as one alternative. Am I not correct that George Raad has been instructed to look, if not as a passenger terminal, at other alternatives for the south side.

MR. TAORMINA: Item No. 6, Mr. President, members of the Commission, we have passed out a report from the Center for World Business at San Francisco State University concerning the proposed coal facility at the Port of San Francisco.

Last year we approved an agreement with the Student Research Associates. It was the second. They did an economic impact one earlier. They have completed this. We are asking for your acceptance of this for final payment of about $500 which is left.

The report basically looked into the feasibility of the coal facility here in San Francisco, and indeed it concluded that it was feasible.

I would think one of the significant points of the report is that, in analyzing the job impact of the facility, it concluded that we are talking about an increase in permanent employment in San Francisco to somewhere around 300 to 340, and again, using the multiplier of two, which is the standard multiplier in the Bay Area, both direct and indirect employment could be up as high as 1,000 jobs.

Professor Wood was to be here at the previous meeting that this was agendaed. His schedule does not permit him to be here today.

I ask acceptance of the report and approval of final payment.

COMMISSIONER MORRISON: So move.

COMMISSIONER BRIDGES: Second.

COMMISSIONER GOLDMAN: Mr. Chairman, I would like to comment.

This is the second time we have received a report from this group at State University. I find some difficulty with it because, although I know it is a genuine effort, I was of a mind that there were not many jobs of a permanent

nature developed from this facility once it is accomplished, and I think that the paragraph which evidently was picked up by one of the local p apers this morning was featured in the Daily Commercial News, and it reads, it would create 1,000 local jobs and brighten the Port of San Francisco employment project.

Now, the reference is, and I quote: "If applied to the coal terminal's 300 to 340 jobs, this would yield a total employment increase equivalent to 900 to 1,020 jobs."

I have trouble firstly with the 300 to 340 jobs, because in conversations with Mr. Soros I don't believe that there is anything like that number of permanent jobs from operating that coal terminal.

COMMISSIONER ROTHENBERG: On Page 21, Commissioner, the numbers, it says there will be 70 permanent jobs at the coal facility, 20 on the railroad, and then they thrown in a caveat of 250 maritime-related jobs. I guess they mean generated by boats.

COMMISSIONER GOLDMAN: Well, these are loose numbers, and the reason a refer to them is that these were picked up, and then they were reported, and those people have that number in mind, and then whem we come to the moment of truth there probably aren't that mamy jobs.

In other words, if the 250 maritime jobs are defined as a two-to-one factor -- I dom't know that they are -- then we are doing it twice.

It just seems to me a little loose. I am all for studies, but I am concerned about the presentation to the

media, which sometimes accepts information without really checking it out. The only reason I am concerned here is that people get an imagination of something, and I really would seriously doubt, even if it is completed, that there will be that many jobs.

These things do come up, and I think we have to be careful about them. The reason I am concerned about this is, in the Hunters Point development, I know that Mr. Engel said that involved 10,000 jobs. The fact is that any jobs at Hunters Point being used by Mr. Engel, basically, as far as ship repair is concerned, are the same people who would be working at Bethlehem or Todd or one of the other shipyards if the work was being done there, so it is really not new work. It is simply a transfer of location in doing the operation.

I feel that this is an opportunity to mention that certainly we are concerned about jobs, but I think we have to be sure that the numbers that are presented are supportable, and that they represent something more than just a loose treatment of the word.

If these numbers are substantial, that's fine. If not, I think we have to be careful.

COMMISSIONER ROTHENBERG: I will second Commissioner Morrison's motion, Mr. Chairman.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. THIEMANN: The Port Commission entered into a

lease in 1968 with the Consolidated Freightway Corporation of Delaware. This lease was negotiated by the gentleman who was the then commercial property developer, not Mr. Williams but his predecessor with that title. I don't remember his name.

The lease has a term of 99 years. The Port received $37,550 as advance payment of rent for those 99 years.

These are street areas, and this rent was predicated on the value of the then appraised value of the property at 50 percent, since it was street area.

The theory at that time was that Consolidated Freightways was to build a large terminal in the area, and create a great deal of training jobs. That terminal was never developed. Consolidated Freightways has no obligations to the Port with regard to rent under this lease.

COMMISSIONER MORRISON: Excuse me, may I interrupt, Mr. Thiemann? I can't find Lot 353 on my map. Could you go over there and show us.

MR. VICKERS: I'll show you. This is our Hetch Hetchy. It is the Hunters Point Shipyard, and this is an area that was known as South Basin. When the Federal Government took over this area many, many years ago there was a little hump, Seawall Lot 353, that went clear up to near Candlestick Park, and the Port only owns the street area.

MR. THIEMANN: And the water.

MR. VICKERS: And the water. There are just a couple little pieces here.

COMMISSIONER MORRISON: Is it being put to use?

MR. THIEMANN: No. It has never been put to use by

Consolidated Freightways. I said, just before you asked your question, that they didn't develop their project.

The State has now arranged to take over the lease from Consolidated Freightways in order to build, I understand, the Willie Brown Park in that area.

Mr. Bobier before he left suggested to me that maybe the Port would have some leverage, in approving the signing of this lease, on the outstanding bonds that we have. However, I will read the assignment paragraph to you.

"Lessee shall not assign this lease nor any interest therein and shall not sublet the premises nor any part thereof without the written consent of the Authority first has obtained, except the lessee may assign or sublet the premises or any portion thereof without prior written consent of the Authority on the understanding that lessee will remain obligated under this lease." Then there is some other language.

So I think it is a moot question whether you approve the assignment or not. If Consolidated remains as a guarantor, they have nothing to guarantee. They have already paid you their rent. I am sure the Commission put it in the till and paid a bill with it the next day, so for 99 years either Consolidated or the State will have the use of this property.

COMMISSIONER GOLDMAN: What year was this?

MR. THIEMANN: 1968.

COMMISSIONER GOLDMAN: A 1968 agreement, so it will run to 2068.

COMMISSIONER ROTHENBERG: Are the streets the only thing we own?

MR. THIEMANN: No. We own the water area adjacent to the streets, but the streets are the only thing that we leased. Part of the streets, not all of them.

COMMISSIONER ROTHENBERG: I wonder if, in a burst of magnanimity, we should just give the surface area, the street area, to the State, and hang onto the water, so that we don't have any --

MR. THIEMANN: The water has nothing to do with this.

COMMISSIONER ROTHENBERG: I understand, but there is only a limited amount of land area, and there is nothing we can do with it, because we have given it away for 99 years anyway.

MR. THIEMANN: That's right.

COMMISSIONER ROTHENBERG: I wonder whether, in a burst of generosity, we should give away what we don't have anyway.

MR. THIEMANN: I think you might have to go to the Legislature to do that.

COMMISSIONER ROTHENBERG: To be used as a park, though. Is there any way it could ever be interpreted that we have any liability on tha park, since we own the underlying land?

MR. THIEMANN: Well, the lessee has assumed liability, I am sure. Let's see what we have got in here.

COMMISSIONER ROTHENBERG: If there is an accident

in the park, first they sue whoever operates the park, and then they sue whoever owns the land, and work their way down.

MR. THIEMANN: There is a hold-harmless clause on Page 5: "This lease is made upon the express condition that the Authority is to be free from liabilities and claims for damages and for suits for or by reason of any injury or injuries --" etc., etc.

So if the State of California takes the lease, they assume the liability.

I would like to recommend your approval of the Port Director's executing the assignment.

COMMISSIONER MORRISON: So move.

COMMISSIONER BRIDGES:

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. THIEMANN: Under the license and lease numbers, I would like to request that numbers 9549 and 9550 be put over to the next meeting.

The rest are all routine items.

COMMISSIONER ROTHENBERG: Do you mean 49 and 50, or do you mean 48 and 49.

MR. THIEMANN: I am sorry, 48 and 49, 9748 and 9749.

There is an error on 9746. You will note in the previous rate it says .9753. The typist left a zero off. That was .09573.

PRESIDENT RUDDEN: The extension is correct?

MR. THIEMANN: Yes, the extension is correct.

T-9744 and 9745, 9754 and 9756 are all 30-day licenses for space in Pier 33. Some of these may be maritime type tenants. I don't believe they are, no.

I have been requested by Bob Meyers to advise you that, upon approval of these licenses on Pier 33, which are all month to month, we will ask the Planning Commission for approval of a special use permit for the 30-day licensees on Pier 33 who are not maritime tenants.

COMMISSIONER GOLDMAN: Regarding Pier 33, I have asked once before --

MR. THIEMANN: I told you I would bring that at the meeting in December, sir.

COMMISSIONER GOLDMAN: So that everyone knows what I asked for, I want a breakdown, I want to see what the use of Pier 33 is in its entirety, or rather the Commission should, and I think we should also evaluate how it relates to other forms of use. It seems to be a hodgepodge of many small users, and I think it is timely that we take a good look at it and see what the potential is.

So you will have that information at the next meeting?

MR. THIEMANN: Yes.

COMMISSIONER GOLDMAN: Thank you.

COMMISSIONER MORRISON: In other words, what is our long-term plan for Pier 33?

MR. THIEMANN: At this time we don't have a long-term plan. The long-term use presently is maritime. The

pier is not suitable for cargo handling at this time, unless a great deal of money was spent on it, and there are other piers that are standby piers that can be used for that purpose.

But it is being used to discharge fish. It is being used by several other maritime users, and that is the present use. The long-term use, there is none.

COMMISSIONER MORRISON: It is another possibility for a passenger terminal.

COMMISSIONER BRIDGES: It is an old, old dock.

MR. DAVID: This was brought up some time ago, but it was in conjunction with Pier 35 as a single complex. 33 itself is a terribly narrow pier.

COMMISSIONER GOLDMAN: Well, let's find out.

COMMISSIONER ROTHENBERG: I am glad Mr. Thiemann is putting over 48 and 49, the two billboard leases, until the next meeting. I just wonder if, in the interim, perhaps he and Mr. Meyers could give some thought. As I remember that Northeastern Waterfront Plan, they made some recommendations about removing a few of the billboards, some of the most prominent ones that block some of the sites that we earmarked for development, or that have already been developed, and this is one opportunity we will have to give some thought whether some of these specific locations are not in the best interest of the Port any more. The amounts involved are rather minor in comparison to the opportunity it gives us to, once for all, clean up.

I am mainly concerned about the northern waterfront.

Perhaps you and Mr. Meyers can talk about it, so at the next meeting we could have some thoughts about that.

What are the legal rights of the tenants when we assign 30-day licenses on a billboard structure? Is there a phase-out period.

MR. THIEMANN: No. The Port can cancel on 30 days' notice.

COMMISSIONER ROTHENBERG: Technically they have to demolish them?

MR. THIEMANN: Yes. These two licenses actually represent reductions in the total number. Simmons is taking over Seawall Lot 311 and 312, and there were three or four of them on that lot. The City took over Seawall Lot 335 to build a sewer, temporarily, and a couple came down on that lot.

COMMISSIONER GOLDMAN: I see by the list that there are 20 billboards listed here that are being put over. Is that the total number of billboards on Port property, or are there others?

MR. THIEMANN: No. Those two licenses represent all of the billboards on Port property.

COMMISSIONER GOLDMAN: I would like to have you present to us at the next meeting some sort of a diagram which shows exactly where all those 20 billboards are.

MR. THIEMANN: That is why I put it over. I have been asked to do that.

MR. TAORMINA: Perhaps we should also put on that the ones that were removed, to show you where the reductions occurred.

COMMISSIONER MORRISON: Mr. President, as I have said, I think several times in going through these, I think we should have a rational staged plan for removal of all billboards on Port property, over, of course, a couple of years. I hope you will think about that possibility, too, when you come back with your recommendations.

COMMISSIONER GOLDMAN: I would like to support Mr. Morrison, particularly because this was put on the agenda, and I think the minutes will show that when this matter came up before, there was a concern expressed, and I think the matter was held in abeyance because of the lawsuit that was filed. I presume it has been processed between then and now.

But regardless of that, I am surprised that this was put on when the question was being raised as to the value of maintaining any billboards.

MR. THIEMANN: This is only to remove the billboards that were removed and reduce the rent.

COMMISSIONER ROTHENBERG: I think Mr. Thiemann is heading in the right direction.

PRESIDENT RUDDEN: Is there anything further?

MR. VICKERS: I have one. May I?

Item 2 12 from the November 17 meeting was supposed to be held over, and it didn't get put on the agenda. I wrote you about it. I would like to read this. It is just a couple of paragraphs.

Confirming an emergency at the Starporter container crane at Pier 80 on October 27, 1977, and authorizing

payment for repairs thereto. The generator unit of Port Starporter container crane at Pier 80 failed and had to be removed from the crane and transported to General Electric in Oakland for inspection and recommendation. Repairs were authorized by the Chief Engineer to commence immediately so as to keep down time to a minimum.

I might add that we were able to take the generator unit down. General Electric worked overtime, and we were able to get it back and up before the next ship arrived, which I was very pleased over.

This then required splicing the crane itself to another part of the pier, and California Stevedore and Ballast Company was engaged to move the crane.

Your confirmation and approval to pay General Electric Company the sum of $4,595 and to pay California Stevedore and Ballast Company $533.20 is requested.

COMMISSIONER BRIDGES: I so move. We are stuck for it, anyway.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothernberg and Rudden - aye; noes - none.)

MR. THIEMANN: May I ask your approval of another item?

MR. ROBERT MEYERS: If you could kindly just go back to License No. 9747 very briefly, the International Stills and Cinema Company, our joint office for the Port, City Planning and Redevelopment, which is down in Room 1000,

was contacted by that tenant about the possibility of leasing 2,000 square feet or so on Pier 3 for offices, and I am just curious here. It shows a reduction in space on Pier 3 for them, and I was wondering if this is a new proposal that is actually going to be built.

I know, Mr. Vickers, your office was processing some plans for Kanyon Stills. I was wondering if there is a mistake in here.

MR. THIEMANN: Let me make this clear, that these two licenses encompass all the same space. In other words, there is a name change -- there will be a $100 bill sent to them -- but it is the same space they have had under the previous license. It has been separated into two licenses. It is all the same space.

MR. MEYERS: Well, is this for the new construction that they are asking for?

MR. THIEMANN: If it is in Pier 3, it is for that new construction, yes. In other words, it is the space they have been occupying since last June and, prior to that, a lesser amount of space. It was in a different name previously, and they asked us to change the name to two names now. But it is all the same space. If they have asked you for 2,000 square feet of office space at Pier 3,, it is in this area.

MR. MEYERS: Then why is the amount of area shown on here being reduced by 3,000 feet?

MR. THIEMANN: Well, there is some error there, because it is all the same space. I'll have to check with

you in my office.

COMMISSIONER GOLDMAN: Do you think we should hold that over? If it is an error, be sure it is corrected before we act on it.

MR. THIEMANN: I can assure you the extensions are correct, and the dollars, Mr. Commissioner. I don't understand why there is a difference in the total amount of area. But I can assure you, if there is an error there, it doesn't affect the license.

In other words, if there is an error in one of those numbers, the licenses are correct.

Actually there was a third space taken over by these people in June.

COMMISSIONER ROTHENBERG: I see what it was. Under 46 there was no previous square footage. Those two numbers should have been stricken, and what they are doing is taking the number under 47 under previous square footage. If you add the three numbers now under the new square footage, it equals the previous square footage. There shouldn't have been any figures in the previous square footage extension..

MR. HUNTSMAN: Mr. President, I would like to call the Commission's attention to the memorandum on the proposed scheduled commission meetings for 1978. A copy has been placed at each one of the commissioner's places. That's all.

COMMISSIONER ROTHENBERG: Mr. Huntsman, do you want some action on this, or just want us to know?

MR. HUNTSMAN: If there is any objection, it should be reconciled between the members.

MR. DAVID: Mr. Huntsman, Mr. Bridges had called me that there would be some conflict in early January.

MR. HUNTSMAN: I took care of that on here, Mr. David.

MR. THIEMANN: Mr. Chairman, at the end of the licenses I wanted to explain to you that Harbor Carriers, Inc., who occupy a portion of Pier 41, have asked to rent an area that is landlocked. Not landlocked, but it is pier-lcoked.

In other words, Harbor Carriers, Inc. leases a space out to the subject space, and the North Point Pier group have the ctoninuous space in an L around this so-called landlocked space.

It will only be there for a few months, until such time as the pier is removed for construction. Harbor Carriers have asked if they can rent the space for $250 a month, and I bring it to you as a special item because that is a lot less than we normally would rent space like this for. However, I can't rent it to anybody. Mr. Elledge says he would be happy to pay us $250, and if we don't want $250 he will just not use the space, but I would like to recommend that we give him a license on that bases.

COMMISSIONER BRIDGES: I so move.

COMMISSIONER MORRISON: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye;

noes - none.)

COMMISSIONER GOLDMAN: In the past week Mr. Ciampi, who is here, came into my office and presented to me letters which he had directed to the former Port Director relative to some conversations they have had in the past month or so, and evidently had reached some sort of an agreement for an expansion of Mr. Ciampi's work, without it being known to the Commission. I trust those letters are available to the Commission, and that others have seen them. If not, I will see that they get them.

The thing that concerns me is that Mr. Ciampi has been hired by the Commission to do a study of this building proper, and we are still awaiting the results of that first part of the study, and I have no way of judging from what I have seen whether this additional work that has been considered is all part of the original plan, or is it in addition to that which Mr. Ciampi has been hired to perform.

I would like to be sure that the matter is clarified, and quickly, because I don't want this to expand into something beyond that which we as a Commission expect.

As I see the situation, Mr. Ciampi was hired to do a three-part study, which will be considered one part at a time. The first part, to the extent of some $5,000, roughly, was to have been undertaken at that juncture, and after that had been completed, we would then consider whether we would extend beyond that, and that combination of studies related to this building.

Now, the other thing that is being considered is

an expansion, evidently, from the Bay Bridge to Aquatic Park, and I think that, yes, there is ultimately a need to have a coordination of the development there. We do have staff who might have other ideas, and I think that the matter should be put to rest as an issue, because I don't think it was properly pursued without our knowledge of it.

I just hope that Mr. Ciampi recognizes that, and will complete that which he has been hired to perform, and if we are to consider anything beyond that, that it be done in a prudent manner through the structure of the Port Commission and staff that now exists.

If Mr. Ciampi wishes to comment, that is perfectly in order. Otherwise, I would like the approval of the Commission that that be accomplished.

MR. MARIO CIAMPI: Well, I would like to respond to that. What you say is absolutely so, that at the present time we are under contract with the Port to do the Ferry Building and adjoining area study.

During the process of that involvement there were certain issues that came up that affect it, and so I discussed this with Mr. Soules, and he realized that many of the forces that would exert themselves on the development of the immediate Ferry Building area should be taken into consideration, so the work is not done out of context with the larger scope. So it was his recommendation that I consider the influences it would have on the promenade development.

It was on that basis that we became more involved

and concerned with it, although there is no contractual agreement, and I have nothing in writing or anything. This is a matter of conversation.

Also, the point that you made about the comprehensive study beginning at the Bay Bridge and going to Aquatic Park is something that I have concerned myself with over the years, and have developed many components of it, and Mr. Soules, realizing that all of these components had a relationship to each other, and since the Port and the Planning Department and the Development Agency are involved, with BCDC, in the preparation of criteria for design, I have been encouraging Mr. Soules to allow me to continue the exploration of this in an informal way.

Again, I have no contract or formal authorization from Mr. Soules to do this.

COMMISSIONER GOLDMAN: Did you expect to be compensated for that work?

MR. CIAMPI: No, no.

COMMISSIONER GOLDMAN: It would be a contribution of your ideas?

MR. CIAMPI: Just a contribution of my ideas, wherein I feel that by doing this it begins to establish some kind of scope and basis by which, if the Port desires, it may proceed then to do more with that kind of work, which I believe is very important.

COMMISSIONER GOLDMAN: My only purpose in bringing it up, Mr. Ciampi, I want to be sure we put things in proper perspective. As you know, we have a new Port Director,

and I think whatever is done should be cleared through him.

MR. CIAMPI: Right.

COMMISSIONER ROTHENBERG: Mr. President, I just have one question.

We are very fortunate in having Mr. Ciampi's aid in this project. We belabored this contract mightily, probably far beyond what was necessary at first, because we are all very concerned as a Commission about what we do with this lovely building that has fallen somewhat into disrepair.

The reason we wrote the contract -- if I remember, we had three sessions on it -- the exact way we did was, we wanted some product early on that we could use as the basis of our own decision-making process for how, in the coming year, we give some thought to refurbishing this building.

I have been calling up poor Chuck Vickers weekly, saying, how are the plans coming, and he is saying, well, I will see Mario tomorrow. I am going to talk to him, and everything is moving on.

But what frustrates us, I think, Mr. Ciampi, to be fair, is that we would just like to get something on a small sheet of paper that helps us share with others your visions about what this lovely building should look like, so that in the future, probably in the early part of '78, we can make some determination as to what the load and expense involved, whether we should do it or we should get someone else to do it, and that is why we designed the contract to

be so product-oriented, which I know is not the best way to do a planning study, but in this case we felt our need for this building was immediate. Our need for the greater stretch, we have a little more leisure.

I think Mr. Goldman is worried also about any delay might cause delay in the end product.

MR. CIAMPI: I want to assure you, first of all, that the work is going on continuously, and we have not been ignoring our responsibilities.

The only approach I am taking to it, which I think is the proper one, that unless one looks at it comprehensively, we could arrive at a plan for a small component of the building that won't defend itself, and you will have to reject it, and the money will be wasted, and it will serve no useful purpose.

COMMISSIONER ROTHENBERG: I hear what you are saying. What we are looking for is just a rendering to help us hold conversations with others as to costs.

MR. CIAMPI: That is what I am referring to, also, and I hope that when I bring the data to you, in as comprehensive way as I can within the limits of my capacity, that I can defend the recommendation that I make for that part of the Ferry Building, and you will have something tangible to work with.

COMMISSIONER GOLDMAN: Mario, when are we going to get your report on the first phase of the study that we authorized you to proceed with several months ago?

MR. CIAMPI: That's right. This is what I am

talking about. This is what I have been working on continuously, in doing this kind of work, just the bringing together all the material and data that you need to do it, so that it takes into account all of the influences that bear on it.

In order to do this, it just takes time to get all this material together, and meet with the various people, and review this, and again to consider how that south end of the building on the ground floor can relate itself in some way to a bigger notion of what this building is going to be.

Unless there is some framework within which this is proposed, I don't think that isolating that part of the building by itself, and drawing a perimeter of leasable space, is going to be useful.

COMMISSIONER GOLDMAN: As I remember the request of you, Mario, it was to get us certain basic data applicable. I don't think it was an overall scheme.

I think what we must have is a reference from the minutes of the meeting when we authorized you to proceed with that first third of the study, and I think that should be presented to us before the next meeting, plus your response to date of what you have been able to evolve, because we are only talking about $5,000 worth of work, and the way this conversation is going, it sounds like you are doing a lot more than was basically authorized at that time.

I think we better get our thoughts clarified. I am

not exactly clear in my own mind exactly what you were to do.

COMMISSIONER ROTHENBERG: I think the contract was pretty explicit.

COMMISSIONER GOLDMAN: I know,but I just don't have it in mind.

COMMISSIONER ROTHENBERG: The contract essentially talks about renderings of the building, and --

MR. CIAMPI: This is what I am getting at.

PRESIDENT RUDDEN: When are we going to see them?

MR. CIAMPI: Well, this is what I am working on now. I am working as rapidly as I can.

What I am concerned about is that when this material comes in before you, you can understand it in a way that will be meaningful in terms of what you do in the south end of the Ferry Building could very well relate to what you do in the north end and what you do at other levels, and so on, because, you know, the building is an organic thing.

If this was a brand new building, if we were to do the same kind of investigation on, let's say, the Alcoa Building, it is a permanent, fixed structure,and there are no concerns about it, and you just have so much space. That could be done out of context.

COMMISSIONER MORRISON: I think Mr. Rudden just wanted your best estimate of when you would be before us with a report on the first phase.

MR. CIAMPI: Well, I don't know yet. It is hard for

me to tell. I am working continuously.

MR. DAVID: Mr. President, could we meet with Mr. Ciampi next week and report back to you?

MR. CIAMPI: I think that would be fine.

PRESIDENT RUDDEN: Fine.

If that is all, then we will go into executive session.

(Whereupon, at 11:30 a.m., the meeting went into executive session, not reported.)

SAN FRANCISCO PORT COMMISSION

REGULAR MEETING

December 14, 1977

Board Room

Ferry Building

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COMMISSIONERS PRESENT:

James J. Rudden, President
Harry Bridges
Richard N. Goldman
Jack Morrison
Alan E. Rothenberg

COMMISSIONERS ABSENT: None

ALSO PRESENT:

Richard A. Bobier, Chief Counsel
Edward L. David, Port Director
Julius E. Herren, Director, Administration & Finance
James E. Huntsman, Secretary
Anthony J. Taormina, Special Assistant to Director
Harry J. Thiemann, Commercial Property Manager
C. L. Vickers, Jr., Chief Engineer

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P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order?

MR. DAVID: Mr. President, I would like to call to your attention that, as you have seen from our agenda, we have made some changes.

First off, we would like to suggest that we would like Jim Huntsman to serve as Acting Secretary to the Commission.

Secondly, to point out to you that in our agenda we thought, in the interest of saving some time, we have consolidated all the consent items or routine items in what we call the Consent Calendar, and with your permission Mr. Huntsman will read the Consent Calendar and ask only one vote to approve what we consider the routine items.

I think, further, it is our opinion that by indexing the items on the agenda, it will serve to have a more orderly minutes. We have found in the past that people come in here to research items that have been on the Port agenda, interested in the Port's actions on these, and since our minutes are taken verbatim, sometimes they take a half an hour or an hour to find the item.

By doing it the way we have set out in our agenda, it will be indexed in the minutes, and we would recommend that you approve this format.

PRESIDENT RUDDEN: Do I have agreement, or a motion that this format should be approved?

COMMISSIONER MORRISON: I move it be approved.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissions Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HUNTSMAN: Item No. 2, request your approval of the minutes of November 15, 17 and 23, 1977.

COMMISSIONER MORRISON: Move approval.

COMMISSIONER ROTHENBERG: Second.

PRESIDENT RUDDEN: May I ask a question? These items here are the ones we will approve after you have read them all, or --

MR. HUNTSMAN: Are you speaking of the consent calendar, Mr. Rudden? That is Item No. 5. After they are referred to and read, we will ask for one vote for that entire item.

PRESIDENT RUDDEN: Okay.

(The motion to approve the minuts was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER ROTHENBERG: Mr. President, may I just suggest, since today is revamping day, that if we are going to do the calendar this way, when they do the second page could you have them do it upside down? It is neatly tacked in.

COMMISSIONER GOLDMAN: Or use a second piece of paper.

COMMISSIONER MORRISON: You can recycle the paper.

COMMISSIONER ROTHENBERG: We are all slow learners.

PRESIDENT RUDDEN: Okay.

MR. HUNTSMAN: Item No. 3, a report by the Port Director, Mr. David.

MR. DAVID: Mr. Rudden, in this new format, it was our idea that we would report to you activities that are going on within the Port organization which we think you might have an interest in but do not require formal action before the Port Commission

This morning I really only want to bring two to your attention. One is that tomorrow at 2:00 o'clock in the afternoon we are receiving the proposals for the Pier 54 yacht harbor. We have had some preliminary discussions with some of those that are going to submit proposals, and they look rather interesting.

We will report back to you on the proposals at the next regular meeting.

The second item I wanted to bring to your attention is that you have scheduled a meeting between the Christmas and New Year holidays, and I wondered what your pleasure was as to whether you wanted to go forward with that meeting or cancel that and go to your first meeting in January.

COMMISSIONER BRIDGES: That is the 28th meeting?

MR. DAVID: Correct. Yes, sir.

COMMISSIONER ROTHENBERG: I would like to have a meeting, Mr. President, because I may not be at the first meeting in January, unless it is to the discomfort of some of the other commissioners.

COMMISSIONER BRIDGES: I wouldn't mind having a

COMMISSIONER ROTHENBERG: We could have one with a holiday spirit.

COMMISSIONER GOLDMAN: Mr. Chairman, don't you think that scheduled meetings should be held unless we can't have a quorum?

COMMISSIONER BRIDGES: If there is no quorum there is no use wasting our time. I guess that is why he is bringing it up now, just to make sure there is a quorum right now. If we are going to have a quorum we should say so right now. No quorum, tell him that right now.

COMMISSIONER GOLDMAN: Is everyone going to be here?

PRESIDENT RUDDEN: As far as I know.

COMMISSIONER ROTHENBERG: Unless the Lord has other plans.

MR. HUNTSMAN: Mr. Herren? Item #4

MR. HERREN: Good morning, Mr. President, gentlemen of the board. I have two ongoing projects that I feel I should update you on.

One is the budget. We plan to have the budget available for presenting to you by January 10.

The other one is the ongoing audit by Touche Ross. We are hoping to be able to have that in draft form on the 22nd of this month.

Last year I believe, Mr. Rudden, you and Mr. Morrison attended the meeting where we looked at the draft and approved the draft before it went to press. Is that correct?

PRESIDENT RUDDEN: Yes.

MR. HERREN: Would you like to attend this one? We would be glad to have you.

COMMISSIONER BRIDGES: What date is that?

MR. HERREN: The 22nd. That is next Thursday.

COMMISSIONER MORRISON: Mr. President, I won't be able to attend on that day, but I certainly think you and other commission members who are here should attend.

COMMISSIONER BRIDGES: That is the 22nd. That is the audit.

MR. HERREN: The 22nd. That is the audit. We are hoping to have it in draft form where it can be discussed with the staff, and the commissioners if they are there.

PRESIDENT RUDDEN: I will be here.

COMMISSIONER GOLDMAN: Is there a limit on how many commissioners can attend that kind of a hearing?

MR. BOBIER: It becomes public when three come.

COMMISSIONER GOLDMAN: Well, let it be open.

MR. TAORMINA: No. The auditors would not like it to be open.

COMMISSIONER MORRISON: Well, Mr. President, so long as no decisions are made at a closed meeting there is no violation of the law, and I would think this information is vital to the Commission, and the commission members ought to be present. If there are any decisions to be made, of course it has to be an open meeting.

PRESIDENT RUDDEN: How many commission members may be at a meeting of that type?

MR. BOBIER: If it is held privately and in

confidence, I think only two commissioners, since business is going to be discussed, and so on, whether or not a decision is taken.

COMMISSIONER GOLDMAN: Well, who can be available?

PRESIDENT RUDDEN: I will be available.

COMMISSIONER GOLDMAN: Is someone else interested?

COMMISSIONER BRIDGES: You get two of them there for the same meeting, right, on the 22nd?

PRESIDENT RUDDEN: Yes.

COMMISSIONER BRIDGES: I can be available.

COMMISSIONER GOLDMAN: If you are going to go, then I will stay away.

COMMISSIONER GOLDMAN: Who will coordinate that, the Port Director?

MR. HERREN: Yes, sir, if you would, please.

Also, I have notified Barbary Coast Corporation of a possible default on $36,000 credit letter and three months' rent.

I received a call from them this morning, saying that he would have the check in today for the rent, and it would be two or three days before he could get a continuance on the credit letter.

COMMISSIONER ROTHENBERG: Now, the issue here is simply the rent, it is not the other question of whether they have complied?

MR. HERREN: Both.

COMMISSIONER ROTHENBERG: Both issues.

COMMISSIONER GOLDMAN: Who is the tenant?

MR. HERREN: Barbary Coast, George Lu.

COMMISSIONER ROTHENBERG: At the last meeting we left this somewhat up in the air about whether we were satisfied or not, and I can't remember --

MR. BOBIER: I take it you are asking if I am satisfied with the material that was brought in.

COMMISSIONER ROTHENBERG: I am just curious.

MR. BOBIER: The answer is no.

COMMISSIONER ROTHENBERG: You have indicated, then, that you don't feel they have satisfied what the Commission wanted?

MR. BOBIER: That is correct. Strike the Commission. They have not satisfied what I take to be the Commission's standard.

COMMISSIONER ROTHENBERG: I understand that, and I am just curious. That, plus the fact they haven't paid us rent?

MR. HERREN: Now, he brought this up. Is this on the building, Tony?

MR. BOBIER: Yes, sir.

MR. HERREN: He said this morning he was having that with another bank, and he would get you another credit letter, line of credit.

COMMISSIONER ROTHENBERG: I am just concerned about -- They haven't paid us rent for how long?

MR. HERREN: Three months.

COMMISSIONER ROTHENBERG: Three months?

MR. HERREN: That's right.

COMMISSIONER ROTHENBERG: But at the same time, don't they supposedly have a contract out, they are doing something, or hasn't he started yet?

MR. VICKERS: He has not started.

COMMISSIONER GOLDMAN: Mr. Chairman, I think one of the problems that we are faced with at this Commission level is that items like this drag on sometimes for an unreasonable length of time that precludes us from acting on more demanding matters.

I think that we have given this group every bit of support. In fact, the minutes will show that we even offered them the opportunity six months ago to pick the date -- more than that, actually -- to pick the date when they would have the financing, when they would start construction, when they would complete the project. It is all in the record.

Even after that we have extended this thing, I believe an additional 90 days from the date specified for having the financing ready and ready to move.It started in August. It was extended to December.

My question is, how much of this type of delay are we supposed to absorb, and when do we finally bite the bullet?

COMMISSIONER ROTHENBERG: Well, technically, we told them that if they hadn't pleased us in a fiscal sense by November 10 --

MR. BOBIER: Ninth.

COMMISSIONER ROTHENBERG: -- that we would consider

them as being in default, and then they would have a certain period of time to cure it. We didn't declare them in default? We are sort of giving them time to clean up their act?

MR. BOBIER: Right. On November 8 or 9 a form of letter came through which I, charitably, I might say, thought intended to comply with the Commission's desire. It failed to do that, so I immediately wrote a letter to them explaining the defects of the letter that they had sent us. I have not heard back since then.

Speculating for a moment, if they had replied within two or three days, which certainly is within the capability of answering in a corporation, I probably would have made the recommendation that, although it didn't strictly adhere to the date you established, it was close enough to be acceptable. As of December 14 I wouldn't make that recommendation.

COMMISSIONER ROTHENBERG: Is the letter that you sent them declaring them in default?

MR. HERREN: No, sir. I am giving him 10 days from the 7th, which would be the 17th, to furnish me with the back rent and the guarantee.

MR. BOBIER: That is a different operation.

MR. HERREN: It is an entirely different operation altogether.

COMMISSIONER ROTHENBERG: So the issue before the Commission is, should we declare them in default of what they promised they would do by November 10, so we can start that calendar running, so if they haven't cured it within 90 days, or whatever, we will be in a position to relet that

facility.

I don't know whether what you have done helps or hurts.

MR. HERREN: Mine will not be effective until the 17th.

COMMISSIONER ROTHENBERG: Even if they pay you the three months' back rent by December 17 they can still be in default in terms of the Commission's lease, because we told them we wanted to know by which days --

MR. BOBIER: If the Commission finds them in default, they forfeit the $25,000 they put up, and if you stand by the position you took at the time, that was established back in August, I would send them a letter notifying them that, in our judgment, they are in default on the lease and they have, according to the Commission's action at that time, 60 days in which to cure that.

I don't know what the answer will be at the end of that period.

COMMISSIONER MORRISON: You said it was your understanding that a new letter was coming to us?

MR. HERREN: Yes, sir.

COMMISSIONER MORRISON: And what is your understanding of the general content of that letter?

MR. HERREN: Well, it will be a credit letter of $36,000, to guarantee his lease on his property.

COMMISSIONER ROTHENBERG: We are talking about two different issues.

MR. HERREN: Right. Mind has nothing to do with

Mr. Bobier's.

COMMISSIONER ROTHENBERG: We have a bigger problem, and the bigger problem is, we asked them for evidence that they can build the structure, and that is a $900,000 letter of credit, and the letter they provided us, in Mr. Bobier's opinion, doesn't meet the test of being enforcible, for a variety of reasons, so we have to decide, in terms of what we said we were going to do on November 10, whether we should declare them in default and give them 60 days to cure it.

Even if they meet all of Mr. Herren's requests they are still in default, because what we have required them to do is show us they can finish the project, and all we are doing, from his point of view, is fulfilling their past obligations. It has nothing to do with their building the restaurant.

COMMISSIONER MORRISON: Mr. Bobier, it has been some weeks now since you sent us copies of your correspondence.

MR. BOBIER: Yes, sir.

COMMISSIONER MORRISON: Could you outline for us what representations they have made, and in what respect you find those representations insufficient?

MR. BOBIER: Well, first of all, the so-called letter of credit on which they are going to base their financial strength to build the building is unenforcible as against the bank, in my opinion. The standard ones show financial capability, because the Commission was concerned about the fact that the building hasn't been started.

No representations have been made to me. I have

had a brief conversation with the attorney representing Barbary Coast, on about November 12, or thereabouts, and I said that if they corrected the deficiency in the line of credit they were establishing for construction of this building in the next two days, I would go to the Commission and say that they did send a letter on November 9, that they tried, and apparently the letter was a genuine attempt to meet the standards that the Commission had established. They corrected that within three or five days, and I would recommend that you consider that adequate. That would have been on November 12 or 15.

There was no response to that remark as if it were an offer of my making certain representations to the Commission.

COMMISSIONER MORRISON: Then you sent them a letter saying you were dissatisfied?

MR. BOBIER: Right, on November 10, the day after I got their letter. I looked at their letter. I evaluated it. I did some checking around, a little research on it.

Then I replied in a letter, as I recall, dated November 10, which I sent copies to you subsequently, and the reason I sent copies subsequently was that the same day that I replied to their attempt to satisfy this standard of financial ability I was informed that letters expressing the same thing had been sent to each of the commissioners, and as I recall there was another letter, saying "We trust you will find this satisfactory."

Therefore, when I learned that, I sent you copies

of my reply letter to the attorney for Barbary Coast, so that you would be advised of what I had done.

Since that date, and since the conversation about correcting it within a few days, nothing has been done.

COMMISSIONER MORRISON: And you have not heard from them either in writing or by telephone?

MR. BOBIER: That's right.

COMMISSIONER GOLDMAN: Mr. President, first of all I think it is an issue that really is now in the hands of the staff, and the problem we are faced with today is that we have two problems on different staff levels which should be coordinated, and a report should be forthcoming presenting exactly where we stand, and all I can do is envision the fact that for nine or ten years now this thing has been dragging along, and I have difficulty understanding the potential of this development if this is happening. There is always an excuse.

The fact is that we have a viable area out here where there is a tremendous opportunity for somebody to build a restaurant and operate it, and also afford the Port a reasonable income from it, and I would just hope that by the next meeting this matter can be resolved, and we can proceed, giving other people the opportunity to get that restaurant built.

This thing was made crystal clear to these people. They could have no doubts as to what our position was as of August 8 or 9, and we then gave them a 90-day extension, which I think was going well beyond any requirements on our

part.

All I am suggesting is that by the December 28 meeting this matter be presented by the staff once and for all, and that we do what is necessary, and we move forward.

COMMISSIONER ROTHENBERG: Mr. President, I think what we have here is, we set up criteria, I believe in September,, saying if certain events hadn't occurred by November they would be in default, and the reason we were very careful to say that the only event that would occur in November is that they would be in default is that then they would have a period to cure it.

Now what we have done is to allow 30 days to run by since we said we were going to get serious, and now we find that not only haven't they cured the problem of where they are going to find the $2,000,000 to build it, but they haven't paid us rent for three months, which certainly raises some questions about their fiscal strength.

I think we would be far better advised to declare them in default, where they will take it very seriously, and say they have 60 days to cure it, and if they haven't, then we will have to spell out very precisely what we mean by cure it, and if they haven't cured it, then I think we should re-offer it.

At first I thought the problem was just a mis-communication. I share Mr. Bobier's view that the materials they sent us in November they honestly believed would meet our needs, but we asked them for a letter from a financial institution saying they would finance this transaction, and

all this letter says is that they are willing to consider opening up a line of credit with this institution, so we get into a whole series of issues here.

PRESIDENT RUDDEN: I am wondering. If we delay this again, we are just going to summarize what we already know, are we not?

MR. BOBIER: Yes, in part, and I am sure that Barbary Coast will be in here to tell you something, I don't know what.

PRESIDENT RUDDEN: What would be the recommendations of the staff?

MR. DAVID: I would think declare them in default, with 60 days, is it, Tony?

MR. BOBIER: That is what the Commission said.

MR. DAVID: It would certainly get their attention.

COMMISSIONER GOLDMAN: Do it right now.

MR. DAVID: Like today.

MR. BOBIER: Why don't you find them in default, forfeit the $25,000, and instruct the staff to advise them they have 60 days, in accordance with the previous standards established by the Commission, to cure the default and get the thing under way.

PRESIDENT RUDDEN: They still lose the $25,000. They can't cure that.

MR. BOBIER: That is within your discretion.

PRESIDENT RUDDEN: My point is, in fairness, if they can cure the $25,000, my inclination would be to go on until the next meeting. If they can't cure the $25,000,

what are we waiting for?

COMMISSIONER ROTHENBERG: Mr. President, I think what we should do is declare them in default, and have Mr. Bobier put in his letter very precisely, so that there can be no question, exactly what we want from them, because otherwise we will just get into a syntactical battle about whether they complied or not.

I think the Commission probably has the right to say that we will not seize that $25,000 until the end of that 60-day period, if you feel we should be that generous, but if at the end of the 60-day period they have not cured the default, that we will -- Suddenly we are turning it into a conditional credit as opposed to saying they failed to comply and therefore we are going to seize it.

COMMISSIONER GOLDMAN: If that is in the form of a motion I will second it.

COMMISSIONER ROTHENBERG: Was that motionable?

MR. BOBIER: Sure, that is motionable.

COMMISSIONER BRIDGES: And that means if they don't comply we are finished with them.

MR. BOBIER: It means we have got some litigation.

COMMISSIONER ROTHENBERG: It means that we can consider reletting the space.

COMMISSIONER BRIDGES: Do we have any other bidders or customers that we think are after this thing?

COMMISSIONER GOLDMAN: Be assured they will be there.

MR. THIEMANN: There were two other bidders when

they were successful.

(Several voices at once.)

COMMISSIONER MORRISON: You will make it clear to them that we are delaying the forfeiture of the $25,000.

MR. HERREN: May I ask a question? Will I interfere with that if I accept payment?

COMMISSIONER ROTHENBERG: No, because, as I understand it, they are paying you back rent.

MR. BOBIER: The rent has already accrued.

COMMISSIONER ROTHENBERG: So they have a prior obligation.

COMMISSIONER GOLDMAN: There is one correction I would like to make, and that is that this really should go through the Port Director and authorize the City Attorney to proceed.

COMMISSIONER ROTHENBERG: We are declaring them in default, and authorizing the staff to proceed.

COMMISSIONER GOLDMAN: All right.

(The motion carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. BOBIER: Actually, let the record show that the Commission finds they have failed to comply with the standards that have been established in August, and then the motion expressed that the context of the letter will convey that to them, making the $25,000 a conditional credit depending on the curing of --

COMMISSIONER ROTHENBERG: And please be very specific about this cure problem.

MR. BOBIER: I will confer with you.

COMMISSIONER ROTHENBERG: You don't have to do that.

COMMISSIONER BRIDGES: It wasn't so much a previous stand. It was a commitment, a flat commitment, two or three times.

MR. BOBIER: That's true. They did covenant to build a restaurant, and they haven't done it.

COMMISSIONER ROTHENBERG: At one time or another they said they would do it with cash, and they just didn't show us evidence of anything.

MR. HUNTSMAN: Mr. President, Item No. 5 is the consent calendar. Items 5.1 through 5.5 inclusive constitute the consent calendar. The backup material has been sent to each of the commissioners.

One vote would approv e all of these items.

PRESIDENT RUDDEN: Any question?

If not, do I have a motion?

COMMISSIONER BRIDGES: I so move to approve.

COMMISSIONER GOLDMAN: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HUNTSMAN: Item No. 6, unfinished business.

6.1 on the agenda is Resolution No. 77-17 making land available to the Public Utilities Commission for cable car turntable and public restrooms at Seawall Lot 301.

There is a copy of the resolution in your material, and an amendment to that resolution. The amendment merely

clarifies the first resolve clause. It is not a substnative change.

COMMISSIONER MORRISON: Mr. President, so as to get this matter before us for discussion, I will move approval of the resolution.

COMMISSIONER GOLDMAN: Second it.

PRESIDENT RUDDEN: Any discussion on it?

COMMISSIONER ROTHENBERG: Mr. President, in the past we have always lacked the staff's input on this, and I see someone on the staff went to the trouble of going through the economics of this transaction, and I would appreciate if whoever did this would share their knowledge, because I don't think the audience has had the benefit of these figures.

MR. HUNTSMAN: Mr. David will speak to this item.

MR. DAVID: Mr. Rothenberg, if I may raise one other question first, after this resolution was prepared by the staff and we did provide you with our work sheets for background, I had a discussion yesterday morning with Mr. Wentz. He has a copy of the resolution, and disputes some of our numbers in this work sheet.

I indicated to Mr. Wentz that these were our in-house best judgments as to what the cost of the restroom would be, what the impact would be on the lost space in the parking lot.

He disputes this. He submitted a letter which you have before you, and has asked to speak to you on this point.

COMMISSIONER ROTHENBERG: Well, before we have the benefit of Mr. Wentz' thoughts, would someone explain to us

what it is our staff came up with, and then we can better understand Mr. Wentz.

MR. TAORMINA: Mr. President, members of the Commission, we were asked to prepare what we would consider a fiscal impact on the project.

Certain assumptions went into preparing this. The first basic assumption is that the project cost is based on the Board of Supervisors' Resolution 269-1, which authorizes $1.9 million toward the project.

To that extent, if an agreement was executed between the Public Utilities Commission and the Port Commission, which that agreement would be executed after they have received that $1.9 million from UMTA, the Port would receive a lump-sum payment of $126,000.

The Public Utilities Commission would be constructing a public restroom in the Fisherman's Wharf area, in the cable car turntable area.

Our Senior Estimator, Mr. Art Hillgrove, and our Chief Engineer, estimated that restroom at $70,000, so we included $70,000 public restroom.

As the resolution indicates, our Chief Harbor Engineer would in fact approve all plans and specifications prior to construction.

Thirdly, Mr. Wortman's letter and his property evaluation indicated the relocation of the Fisherman's Wharf sign at $8,000, so we used that.

Totaling that up, we find project costs of about $204,000.

Now, we then said, what would be the savings on the current contract the Port would have with Williams Company for the portable restrooms which are there now. In the current year that is $21,000, and so indeed we would have a savings of $21,000, and that was added into it.

The question then came down to what would the Port lose in the form of revenues for the loss of space. It is difficult to determine. There are a lot of assumptions that go into that. We recognize that the parking facility is not full 365 days of the year.

We used a $15,000 figure, which was first presented as the general loss for a larger project, but in this particular case we felt we should advise the Commission which could be the possible worst situation in this situation, as opposed to the I believe $10,000 which is suggested by the Public Utilities Commission. That number really could only be developed through experience, and so we felt that it would be fair to the Commission to show $15,000 reduction.

Also, as hard as it is to determine our loss of revenue, it is to determine the financial benefit of bringing the people down would be. We relied on a very general analysis done by the Neighborhood Economic Development Office, which estimated $5,000 a year, just based on the fact there would be more riderships down here and we would pick generally that type of revenue up.

Therefore, in the first year one would assume the benefits to the Port would be about $215,000.

Each succeeding year, really what we would be

talking about would be the savings to the Port on the $21,000 contract, as well as the loss of revenues, which again were estimated at $15,000, and the benefit of $5,000.

Projecting that out over 15 years, which we just basically chose for the purposes of this analysis, we show that the cash payment, again, in the first year to the Port's revenue would have been $126,000. The cash savings to the Port's operating revenues, based on the contractual basis, would be about $315,000, the loss to the Port's operating revenue approximately $225,000, and the gain to the Port revenue through additional traffic about $75,000, which came up to about $391,000.

Also, we are assuming that, with the volume of business that we get out of Fisherman's Wharf area, because it is so vital to us, particular with those restrooms, with those restaurants, that in the long run the Port should in fact build some form of public restroom permanent structure out there, and to remove the temporary one that we have.

So, through this program, we are really adding to the capital improvement assets of the Port a $70,000 public restroom facility, which we feel otherwise we would, if we did not have this project, at some point probably have to invest in ourselves to accommodate our tenants and the people who do come to the Port of San Francisco as tourism, a very important point of our overall revenue.

COMMISSIONER MORRISON: Mr. President.

Mr. Taormina, throughout out discussions we have been assuming that ultimately the Public Utilities

Commission would have a budget of $1,900,000 with which to make this addition, and further,that they have a 10 percent override, so they can exceed that $1,900,000 by that amount.

We have thus assumed that we have $190,000 to play with, so to speak. Yet you, in your presentation now, are asking them to pay us $204,000.

MR. TAORMINA: No, I don't believe we are, Commissioner Morrison. What we are basically saying is that the Commission requested us to prepare for them what we would generally consider the impact of this.

Now, I think the Public Utilities Commission would argue that the cost of the restroom should be reduced.

I don't see anything in here that we are really obligating them to pay us X amount of dollars. We are obligating them to meet certain conditions. We know those conditions would have to be satisfied within the 1.9, that indeed our Chief Harbor Engineer, working with their architectural engineers, would have to come up with something, and we feel these would be the things they would have to come up. I don't think we are really obligating them to where in fact they would be forced to give us this money. We feel it would be around that area.

COMMISSIONER MORRISON: I understand that. It is probably anybody's guess what the restroom facility will cost.

In view of that, why present a document which, on the face of it, seems to indicate that you don't believe they can perform?

MR. TAORMINA: Well, I don't believe that we are

indicating that they cannot perform. I think it is obvious now that, at this present time, the Federal Government, UMTA, has $100,000 set aside for this particular project. The Board of Supervisors has authorized this project to the tune of 1.9. There have been no real specific plans, specifications, drawn, no construction estimates made, with respect to this project.

COMMISSIONER MORRISON: Wouldn't the better course be to split the difference between Mr. Vickers' estimate and Mr. Wentz: estimate?

MR. TAORMINA: Well, I think again the cost is not the substantive matter. Getting the proper restroom that would conform to the Fisherman's Wharf area would in fact be what the Port itself would be interested in doing.

COMMISSIONER ROTHENBERG: I don't think we care whether it is a $40,000 restroom or a $70,000 restroom. We just care if it is an adequate facility.

MR. TAORMINA: And that it conforms to our overall plans for the area at Fisherman's Wharf, that it is not just a Quonset hut put up down there, similar to what we have down there now.

MR. DAVID: Mr. Morrison, earlier, when I referred to Mr. Wentz, in our opinion the best judgment of our Engineering Department is that it will cost $70,000 for a restroom that we consider adequate.

In discussions with Mr. Wentz, I understand that he is talking about the same restroom to the same standards. He is suggesting it could be done for much less.

They are both estimates, and we are only asking for the restroom.

COMMISSIONER GOLDMAN: Mr. Chairman, it is dangerous if people take numbers that are projected, which are estimates, opinions, and depend upon them.

First of all, the cost of the restroom to me is not a crticial issue. If somebody says it is going to cost $70,000 and somebody says $35,000, I think it is unimportant to us as long as it is built, and we are satisfied it will be built adequately.

I am much more concerned about some of these projections, because we are projecting the loss of revenue from parking, and we are not doing a very good job of projecting what the additional income will be from the added use of the facilities, where we as a landlord are receiving income.

Just to make an offhand estimate, I would say that the added income must be greater than the loss of revenue. In other words, giving up 30 parking spaces, in my general estimate of the circumstance, would indicate that the added input of business is going to far outweigh that, and I would just hate to have us get stuck on these numbers.

PRESIDENT RUDDEN: I have to agree, Commissioner. I had thought of voting for the cable car, but I am confused. I want to see the cable car there, but I see figures that do not work out to me, and I wonder whether we get back to the initial issue as to whether we are coming up with a fair price, or what it would amount to.

COMMISSIONER GOLDMAN: Don't misunderstand me, Mr. Rudden. I am not confused. I am just saying I think we are confusing ourselves if we accept numbers. I would rather we vote on the issue, because I think it is clear-cut. I think we have spent too much time on it.

COMMISSIONER ROTHENBERG: I had asked the staff to put together some numbers, because I felt in the past we had been trying to make decisions that were bereft of numbers, so if numbers have somehow confused the issue I would multi-plead guilty.

I think the question of whether some of these numbers are appropriate or not, I think Tony took the worst case, because Tony is a pessimist, and I think I agree to some extent with Mr. Goldman. I think some of these numbers should be more optimistic.

I think none of us will debate our current toilet costs, because the $21,000 is money going out every day. I think the $15,000 in parking revenues is probably high, but I am not sure how important that is.

I think the financial benefits to the Port of Mr. Wortman in his letter in which he advised us what he thought a fair value would be to an outside party, he said that he felt the extension of the cable car would have a significant impact on the Port's revenues that we derive from overages from the businesses on Fisherman's Wharf.

Now, if this $5,000 number is true, what it is saying is that the only effect we think the cable car extension is going to have is to increase the annual revenues

of the Fisherman's Wharf area by about $100,000, assuming we use a five percent overage. Now, that would mean about $8,000 a month. Now, 12 good tourists spend $8,000 a month, so I think we have dramatically underestimated the number, but that is probably fine, because I think the more conservative we are here the happier we will be if events prove otherwise.

So I think this is useful in relating to the format that the City's real estate expert gave us as to what he thought it would be worth, and how we might itemize the pros and cons, and I think the only question that is really before us -- and I know Mr. Wentz may have some exceptions as to whether one number is too high or another number too low , but I think our staff is giving us very conservative numbers, and I applaud them for the effort. I think this is the way to do it, and I think this kind of format will be helpful to us in the future to make decisions.

I think the question is very simple. We have agreed on a number of occasions that we are willing to lease the area to the PUC. The question has been the financial reimbursement to the Port.

Our staff is recommending one program here. I think this program has a lot of merits, and I think when we relate this to the fact that we are dealing with a sister agency, and that also, selfishly, if this program moves ahead as planned it is going to increase our own revenues from that area, I think the only thing that lies before us now before we vote is to hear from Mr. Wentz in terms of any concerns

he may have with the essential agreement that we would go into, which is that matter which is actually on the table, so we can decide the merits of those arguments, and then decide, so that we all agree that we know what we are voting on.

I think we should bring it to a vote. I think we have beaten this thing to death.

COMMISSIONER BRIDGES: When this set of figures came before this Commission in the first place, the building of toilets and the cost of maintenance, I challenged those figures then. They looked to me as phoney as a $9 bill, and I haven't changed my mind one bit.

I raised the question at that time, how about our own staff? What are we paying them for? They are not ignoramuses. They can figure these things out, and at that time there had been no evaluation of the staff on any of these items: first of all, the building of the toilets, what it might cost, maintenance and so forth, as well as the price of the land.

Now, I am glad I raised this question, because originally the proposition was that the Port was going to be stuck not only with the building of the toilets but the maintenance of the toilets, which was set at $1,000 a month for umpteen years.

I took the occasion, taking those figures, which looked as phoney hell to me, and checked them out with some experts -- and I have done it since, also, with these figures -- on construction, about which I know very little

at all. I don't know what it is going to cost to construct a house, a toilet or anything else. I go to people that are knowledgeable.

I am talking about building trades people, people in the business, that know what these things cost, assuming -- which I assume -- we are going to use union labor, and if you don't think you are going to do that, you better stop this proposition right now, because it will be shut down and tied up. We will be in plenty of trouble.

So my checking around with the experts on the figures now given us by our own staff -- and I think, if you remember, back a couple of meetings ago I asked this Commission, how do we get an evaluation, some figures from our own staff, and the Commission said "It's your staff, too. Go get 'em." I sure went after it right then and there, and I talked to the staff, and said "Here is what I want. The Commission said I have got a right to demand these things." So the staff got busy.

I am not going to challenge what they have offered here, because it is still my judgment, based upon what I have heard from other people, these figures are relatively conservative, and if we hadn't raised the darn thing before, the original proposition, we know that the extension of the cable car required the PUC was bound to bring those toilets, even if they were done at their own expense. So they come along and hang them on us. But they had to build those toilets. There is no obligation on the part of the Commission to build them.

So at least we have got that much behind us now, that the PUC is going to be stuck with the maintenance. I think that is a big thing that about --

I'll get through soon. I haven't said much on this yet.

COMMISSIONER GOLDMAN: My compliments.

COMMISSIONER BRIDGES: I have got plenty to say today, because I guess it is the last chance, and I don't think I have much chance to win, but I am sure as hell going to make my case. I'll get around to it in a minute.

So on the question of the toilets, I support these figures. I think these figures, from my checking around with experts on the building of the toilets, the maintenance of them, are relatively conservative, and we can be guided. They are a darn sight more realistic than the original figures presented to us.

And I ask in all honesty, that is, assuming that the Port here, we are talking about that we should build public toilets down there at Fisherman's Wharf. Okay. That is up to us.

Now, if you check around other ports throughout the nation, which I did a little checking of, this is not so. The port commissions in other ports do not build public facilities of that type. They build them on the docks, yes, like we have here. So a little checking by me, I came up with that information, but I want to discard that, because that is not binding upon us.

So we are going to have this facility, but the

idea of thinking it is going to be maintained without the Port Commission being in further disgrace with our lousy toilets and everything else for $1,000 a month is ridiculous, but they were PUC figures. Just on that one alone, I knew the first time I saw them, that is a lot of nonsense, and I have found nobody outside of PUC to contradict that yet.

Now, I will spend the rest of the time just talking about the toilets and the resolution. Then we do get down to the question of this giveaway. This piece of land that has been valued first of all by Mr. Wortman of the city agency at something over $300,000, to our own staff. I have got no evaluation from the staff yet, except a general statement that our staff's evaluation of that property is a half a million dollars at least, now, assuming it is just on the basis of the 5,000-odd feet. You see? Half a million dollars.

So that is what we are talking about here. That is the giveaway. This is what the Port is going to make a present to the PUC.

Now, at the same time we are kind of hollering poverty. We are going up to Sacramento and trying to get them to forgive or get them to declare a moratorium on that $47,000,000 we owe. We moved into the transaction a few years ago with our eyes open. I know. I was there, and we promised. We thought it was a great deal, still do, for that matter.

Anyway, we are asking, pleading poverty and this, that and the other one, the State to forgive us the

$47,000,000 we owe in taking over the Port.

This, in my opinion, if we are going to be so generous as to throw away a half a million dollars, is going to ruin our chance to get that relief.

And there is a solution. The other point I want to come to is, I can't understand, outside of one thing, like the PUC, why we can't go back to UMTA and get a further grant of at least a half a million dollars. I have checked that out in Washington. If we go back and ask UMTA, and point out, if just PUC does that, the chances of getting that extra money are good.

If, on the other hand, we join with PUC, and we ask the City to join with us to get this extra money from UMTA to put this proposition over, which is supposed to be such a great, wonderful thing for our City, the chances of getting that money are very, very good.

Let us say, on the other hand, that the request for more money by the PUC, by PUC joined with us, PUC joined with the rest of the City, is denied, and UMTA says, sorry, no dice. At least we have indicated to the people of this City that we are on the ball. At least we are not afraid to ask.

What has puzzled me up to now is this resistance to even approaching UMTA for the additional money, and I understand one of the reasons is that to do that we might have to go back to our Board of Supervisors, and that kind of cockeyed agency, whether it is the new board or the old board, might turn us down.

I am willing to take my chances with that board and get up there as speaking for the Commission, and say at least they should join with us. What have they got against us approaching the Federal Government,the federal agency for more money to help relieve the burden on the whole City? I see nothing wrong.

And certainly, if they turn us down, then, by golly, we have run the string out. But I am not going to sit here and vote on this giveaway project to give away this valuable piece of property in the interests of the tourists coming into our City. I am for tourists, but first of all, damn it all, I am for the people of this City. I am for the people of this City. I can't see this adding one single job to this City. I can't see we are going to make a hell of a lot of money.

The only thing I can see is additional customers for the Fisherman's Wharf restaurants down there, and that we get a cut. But to find out where else we make money, it seems a loser all the way down the line.

I am just talking about the money part of this whole proposition, not the rest of it. I have read all the resolutions from City Planning, and I notice one thing and another, if I can understand. It is difficult sometimes. But anyway, here is what we are talking about.

And finally, if we go for this proposition, as far as I am concerned, that is why I want to make a record now, it is one more big step towards putting the Port on the tax rolls, one more big step in that direction.

I am aware of what the situation is in this city. I am aware of all the people that can't afford to pay their taxes now. I am aware of the fact that they have to sell their houses and get out of town. They have to join the general exodus out of our City.

I am also aware of all the other people, especially the minority groups, that are having a hell of a time struggling to get by and live in our City now, and I don't see this darned business, all this interest in the tourists. I have got nothing against tourists, but doggoned, the people, the workers, the elder people, the citizens of this City come first with me on this Commission. That is who I am sitting here representing, or trying to.

I guess I can make mistakes. I am not infallible, but at the same time I am not dopy, and I can't see why, we have got no explanation to the people of this City why at least we can't go and ask the Federal Government for some money.

My checking with the Government and, as a matter of fact this Port has a letter from Mr. Marshall about UMTA that indiates just that much. The money is there. They would give serious consideration to come up with additional money if we only go and ask.

Now, how are we going to explain, how are we going to explain to a single taxpayer in this City why we couldn't do that, and that we would sooner put the bullet in our neck? How are we going to explain to workers, unemployed and otherwise, why we can't do that?

That is my case.

COMMISSIONER GOLDMAN: Mr. Chairman?

COMMISSIONER BRIDGES: I want to just ask the Chairman now, because maybe on the rules of order I have lost my chance. having made this long talk, is it too late for me to amend the motion?

PRESIDENT RUDDEN: No.

COMMISSIONER BRIDGES: Then I want to amend the motion, not to act on this until we ask PUC to approach UMTA for additional money, and if they don't want to do it, that we go and ask the Board of Supervisors to join with us and PUC to go to Washington and ask for additional money so that the Port of San Francisco does not be taken in a give-away plan for this valuable piece of property.

COMMISSIONER GOLDMAN: That's a motion?

COMMISSIONER BRIDGES: That is an amendment to the motion, yes.

COMMISSIONER GOLDMAN: I think we better act on the amendment.

COMMISSIONER MORRISON: Mr. Chairman, the amendment fails for lack of a second.

COMMISSIONER BRIDGES: Wait a minute. If I don't get a second, it fails. I am aware of that.

COMMISSIONER GOLDMAN: Well, let's go through the procedures so everyone knows what happened.

PRESIDENT RUDDEN: I can't second it.

COMMISSIONER ROTHENBERG: Mr. Wentz, put on your cape.

MR. WENTZ: Yes. Thank you, gentlemen.

We are delighted to have had the opportunity to work with your staff on this project, and I must say that they have been most cooperative and most affirmative-minded in an effort to finally lay this matter to rest, and we are generally complimentary of the fiscal impact statement, certainly the form in which it has been prepared for you.

I have several comments which perhaps you may not believe to be important, but I think I should make them so you do understand clearly, and so that I may report, of course, to my Commission any modifications that I think should be made to this little fiscal-impact statement, which is, of course, not to be a part of the record per se, or a part of the resolution. I realize that, but, of course, it is in evidence, and I would feel a little more comfortable if there were some changes in it, and I will enumerate them very briefly.

First of all, we have searched our engineering souls, and for the best of it we simply cannot see that restroom costing more than $51,000, and we believe that it would be more accurate to represent that, which does indeed reduce the benefit to you, and I realize that, but I believe that that is a more logical figure.

That has the added benefit of bringing the total so-called project cost addition to $185,000, which is comfortably within our $190,000 contingency margin.

Irrespective of what you do about that, we are committed, of course, to bring this project in within budget and the contingency, and we will do whatever has to be done to do that, and we have absolutely no intention of asking for

any additional funding, because of the long procedural delays that that would require.

But we do believe, for the record, that if this tabulation could indicate $51,000, and a total of $185,000, that it would be more comfortable lying there in the record in that form.

The second suggestion I have is that your estimate of the loss of revenue, as Tony indicated here, was based on an old figure, at which time we were considering going into this discussion the possibility of utilizing 10,000 square feet.

Now, we thing that really ought to be updated, because we are now really talking about only 7,800 square feet, or the loss of 22 spaces, and you do have in front of you, I believe, my letter, in which I have shown you our calculation, which shows that if you lose 22 spaces out of a total of 288, that is 7.7 percent, and that, times your three months of peak income when the spaces actually would be denied to parkers of $129,000, you come up with $9,933, and in the interest of simplicity we have rounded that to $10,000.

So we are not differing in principle with the method of presentation, I am anxious to assure you, but only suggesting, for the record again, an updating of those costs based on the actual area that we are now talking about. So we believe that the reduction of Port revenues should be reflected as $10,000.

Now, if you plow those two changes into this entire tabulation, as shown on the marked-up copy that is

attached to my letter, the bottom-line figure then becomes $517,000, which I think resting in the record, also, is a more comfortable figure, because it reflects, I think more accurately, the potential benefit to the Port.

Let me say in conclusion, with respect to these figures, that I am not sure why 15 years were picked. That is all right. It at least gave them something to work with. But actually, the agreement that you are proposing here runs 59 years, and so the benefits would continue for that period of time, and actually, if you were to grind 59 into this instead of 15, you would come up with several million dollars of benefit. So I think, as has been stated here before, the use of the 15 does indeed represent a very conservative approach, and as long as it is identified as such, and as long as it is in evidence that the agreement itself would be for 59, I guess those figures would speak for themselves.

I simply point that out to you in passing that using the 15 obviously is a very conservative approach, because the arrangement which would produce the benefit to the Port would, under the agreement, go for 59 years.

Now, with respect to the resolution itself, I see by the recommended amendment that Mr. David has presented to you that he has already reacted to my first recommendation, and that is to change one of your resolves, the first resolve, so that it is absolutely clear that the two areas are additive, and the total is indeed the 7,820 square feet.

Lastly, we believe that it would be appropriate

to eliminate the last resolve, which implies that at some time the City may request additional funding, and reserves to you the right to ask for additional benefit to the Port if that occurs.

The reason that I think that should be eliminated is severalfold. One, Mr. Wortman tells us that that is against the section of the City Charter which doesn't permit open-end agreements.

Secondly, we think it muddies the water, again, for the record, because it tends to imply, if someone wants to push this point, that you are not satisfied with the benefits and you are still grasping for more.

Thirdly, we think it is relatively moot, anyway, because we have absolutely no intention of going that route, and so setting up the procedure to provide for it seems to be redundant.

I have said in the tail end of my letter that, in principle, I think I can recommend this to my Commission, which of course has not formally acted. They know that I am in the process of negotiating with you, but until our negotiations come to some successful conclusion they obviously have not publicly addressed the issue, so I would recommend, if you adopt this resolution, that my Commission consider it favorably.

I can do that with a great deal more vigor, however, if you would be willing to drop that last resolve, and if you would be willing for the record to reflect these modifications in your cost calculations. Naturally, I will do the

best I can with my Commission, regardless of what you do. I do urge upon you consideration of that, however.

And most particularly, I do want for the record to recite again that this is a very conservative cost estimate because it is based on only 15 years of an otherwise 59-year arrangement.

So I would urge favorable action of some sort by your body. I think we have gone on far enough now. I think the issues have been drawn. We are anxious to proceed with the project. There are a number of very complex steps yet remaining. This is only one of them, and we are still a long way from building the cable car extension, but we would like to get over this hurdle so we can address ourselves to these other issues.

I will be glad to answer any questions.

COMMISSIONER ROTHENBERG: Mr. Chairman, I just wanted to ask Mr. Bobier about Mr. Wentz' point about the last resolve. Do you share his opinion on whether that is a proper form or not?

MR. BOBIER: His point is well taken.

COMMISSIONER ROTHENBERG: Is it accurate? That's all.

COMMISSIONER BRIDGES: Which point is well taken?

MR. BOBIER: The point that if there is some litigation it may tend to imply that you were not satisfied with the value that was offered for the use of this land.

COMMISSIONER MORRISON: Mr. President, his principal point was that it is in violation of the City Charter.

(Several voices at once.)

MR. WENTZ: According to Mr. Wortman, Section 6.302, and I realize he is not our attorney, but he is our most trained, respected man in the real estate business, and deals daily with these matters. He went out of his way to call me and advise me of this, and I think Mr. David then later talked with him, also.

COMMISSIONER GOLDMAN: May I speak to that point? It seems to me that we can resolve this issue by adjusting that part of the resolution to read to this extent, that in the event that PUC does make a further request of UMTA and is able to receive additional funds over and above those allocated, the $1,900,000, that in order to avoid the open-endedness that you are speaking of, Mr. Wentz, the Port receive a proportionate amount of that additional money in relation to the amount that we are receiving from you.

In other words, right now it is $126,000 to $1,900,000, and if you get additional money -- you have indicated you are not going to go, but if you were to go, so it really makes it almost moot -- we would receive a proportionate amount to the amount you have --

COMMISSIONER ROTHENBERG: No, I don't think that is what the staff was trying to get out of this resolution. I think what the staff is saying is, if the pot gets bigger, they want a bigger share.

MR. DAVID: That is correct, and whether it is moot or not, I see no reason to remove it.

Secondly, as I told Mr. Wentz, even though our work sheet, if you will, is a conservative work sheet, I

don't see where changing those numbers has anything to do with the resolution at all.

COMMISSIONER ROTHENBERG: I think the question is whether we can accomplish the same effect, Mr. Bobier, by just changing the words here so it doesn't violate --

MR. TAORMINA: Excuse me. Can I raise one point on this? As I understand it, in preparing the resolution, I know the charter section they are referring to, and I am sure that if you enter into a contract and in the contract it had this kind of language, indeed there may be a violation of the Charter.

But what is being laid out here in this resolution is Port Commission policy, and it is not indeed a contract. That agreement is going to have to be eventually drafted by the City Attorney and presented to both staffs for signature.

But what we are saying here in the resolve clause is that, if indeed, prior to that final agreement document, signed, recognizing that the PUC has to do more design and more things, before we sign on the dotted line that we are going to give them this land, they happen to re-estimate the project, and the estimate of the project comes in at $2,500,000 or $2,600,000, then indeed they have to go back to the Board of Supervisors, and, going back to what Commissioner Bridges said, I think at that time we should evaluate the Port Commission's position, because when we were presented this, we were presented with the constraint that currently they only have $1,900,000.

We are not advocating that this perhaps be in the contract that is eventually signed, but clearly trying to establish that it is your policy here at this Commission that if the project is presented to the Board of Supervisors for more money than that $1,900,000, this Commission should be represented at that time saying that there are other questions which we would like to raise.

COMMISSIONER ROTHENBERG: We are introducing a new corollary into government: more is sometimes better.

COMMISSIONER MORRISON: Mr. President, I think that solves the difficulty. It is an issue that will be seen in a different light when we come to a lease agreement, and has no deleterious effect.

PRESIDENT RUDDEN: It has to come back to us for --

MR. BOBIER: To be enforceable, I presume. On the other hand, you are, in a manner of speaking, agreeing to make an agreement.

COMMISSIONER ROTHENBERG: This is a policy document.

MR. BOBIER: Yes. I am not sure that it is simply a policy document, but --

COMMISSIOENR ROTHENBERG: No. I am just asking what the legal impact is of that paragraph vis-a-vis the question of whether what Mr. Taormina said had some merit to it. It is the contract in which we cannot be open-ended, and I am just asking, is that accurate?

MR. BOBIER: Let me speak to the question of open-endedness. It seems to me that if the Port takes some position of that sort, then the contract, in order to be

enforceable against the City, has to provide that it be payable at the time the monies are initially appropriated, and obviously that is going to be for a 59-year period. It is in a sinking fund, and it is going to be expensive.

COMMISSIONER ROTHENBERG: It could be for one year, because we are saying that if they don't get the funds in one year we have the right to withdraw from the transaction.

What we are really saying is, during that one year, if they go in for a larger application, we want it. Maybe we need to be more specific.

MR. BOBIER: I didn't understand that from reading the --

COMMISSIONER ROTHENBERG: Isn't that the intention?

MR. DAVID: Yes.

COMMISSIONER ROTHENBERG: Once they get their grants it is sort of a moot point.

MR. BOBIER: On the other question, why not write the contract, and then you have that, and you don't have to worry about the policy.

COMMISSIONER ROTHENBERG: What are you suggesting, that we don't vote on this, and just put it in the contract?

MR. BOBIER: I am not suggesting. Do you want to ask for a suggestion?

COMMISSIONER ROTHENBERG: No. I know better.

COMMISSIONER MORRISON: Mr. President, it seems --

COMMISSIONER BRIDGES: I would like to ask a question. First of all, I would like to ask a question of Mr. Wentz.

Speaking for the PUC, Mr. Wentz, I don't quite

understand. Can you tell me specifically why the PUC is so opposed to approaching UMTA for more money?

MR. WENTZ: For two reasons, sir. Number one, we do not want to take out the time that it will require to process that both through the Board of Supervisors and UMTA, because we will be losing very valuable time, which will keep us from starting this when we wish to, next October.

Secondly, we do not want to spend any more of our money, either. We are just as jealous of our money as you are of yours, and the local share comes from the San Francisco Municipal Railway Improvement Association, which is not a bottomless pit of money, and we are trying to be as prudent in the management of our funds as I am sure you are, so we do not want to build up this cost at all because it will require more local match, which is money that is, in the final analysis, that of the citizens of San Francisco.

COMMISSIONER BRIDGES: If you build up the cost and get more money, even assuming -- Take your two points. One, the delay, which I assume you mean the delay of starting the construction might cost more money. That is quite likely.

MR. WENTZ: Right, and it would delay the availability of it for the customers who are going to benefit from it.

COMMISSIONER BRIDGES: Who is that? That is the tourists.

MR. WENTZ: The tourists and --

COMMISSIONER GOLDMAN: Everybody.

MR. WENTZ: Everybody. The local citizens come

to Fisherman's Wharf, too.

COMMISSIONER MORRISON: Mr. President, I think we ought to move along to a vote, and I believe we ought to let stand the material that is before us.

I think, Mr. President, I have made my final argument on this issue four times, but I do want to summarize my thoughts on it again, because the issues have all been raised again here today.

COMMISSIONER BRIDGES: I just want to remind you, I wasn't finished.

COMMISSIONER MORRISON: Well, first of all, who benefits from the cable car extension? The City of San Francisco benefits immensely, in my view. It is a long step toward effective transportation planning on the northern waterfront.

The Port of San Francisco will benefit immensely from this development. Even considering the very conservative figures of the staff, you will get a lump-sum payment of $126,000. You will get, year by year, $11,000 above what we would get if we did not go forward with the project.

It is the long-run benefit to both the Port and the City that interests me. I think this is a great step for the economic development of the Fisherman's Wharf area. I think if we go ahead with this project, ultimately we are going to get the kind of plaza development there that over the course of the next 59 years will return millions of dollars to the City of San Francisco and the Port of San Francisco.

Now, in these months that we have had the question before us, many people representing neighborhood interests have written in opposition to the proposal. I think most of those feelings of opposition are based on false assumptions. Almost without exception the opponents of this proposal that have come to my attention had presented the issue as one of transportation priorities.

They have said, don't spend money at Fisherman's Wharf. Spend it in my neighborhood, because we don't have good Muni service.

Well, that is a very good argument, if it were soundly based, and if this money could be used to improve public transportation in the neighborhoods of San Francisco, I think that would be a decisive factor.

But there is not one whit of evidence that the failure of this project will bring better transportation to any other neighborhood of San Francisco. There is not a particle of evidence that more money will go to any other district of San Francisco if this project fails, and I think that effectively disposes of that issue.

It is said, why don't we go back to the Board of Supervisors. The matter has been before the Board a couple of times, and the Board has acted. But let us suppose that we did go back to the Board of Supervisors. We accepted a year or a year and a half of delay, and said, we are going to get a new consensus in the City, and we are going to go back before the Board, and we do, after a year or maybe two years, get a new Board of Supervisors resolution in favor of the

measure.

If we were to do that, we would not cut down a single bit the opposition to this proposal. The opponents have been very frank with us. They have said, yes, we want you to go back to the Board, but if you do go back and get board approval, we are still going to oppose it.

So if, two years from now, we have board approval, we would be going through the same agonizing hearings, with the same expressions of opposition to the project.

So, Mr. President, it seems to me that the time has come for action, and I move that we call the roll.

PRESIDENT RUDDEN: Just one moment. Mr. Bridges said he did not finish.

COMMISSIONER BRIDGES: My position is not one of stopping the extension. I have raised certain questions. The first one I raised was the building of the public toilet facilities, and what has happened there has more or less proved me correct.

The second point is that, instead of the Port -- I am sitting here as a commissioner, and instead of us being the good guys, the giveaway guys, at the same time we are complaining about poverty, and we can't pay our bills, and this, that and the other thing, this is what I am working on, and I still can't see, if we go back to the Board of Supervisors, I can't see a year and a half's delay. I can't see that at all.

We don't ask the Board to kill the thing. We ask the Board, in the interests of getting the job done here, to

join with us or the PUC to go back to UMTA for more money. Now, I can't see how that should take so long. My checking out with Washington doesn't indicate that. It doesn't indicate that.

However, let's assume it takes so long. If we do get the additional money, at least we are on the record before the people of the City that we tried. Right now, as a commissioner, I have got no explanation as to why we couldn't at least try.

And that is my whole case here. That is my whole point, and I can't see the reason that we should be the giveaway people and at the same time trying to get the State to forgive us that $47,000,000. I think this will kill our chances of getting that thing done. I think there is too cogent an argument to be put up against us, well, you people are so damn generous, what are you bugging us for? That is my objection.

My objection is not to the extension of the streetcar, but it should not be at the expense of the Port and the people of this City.

COMMISSIOER GOLDMAN: Mr. Chairman, I don't want to say anything, but I have to respond to what Harry has said.

First of all, we are not the giveaway guys, and I think it is a bit irresponsible, Harry, to relate the extension of the cable car to the request for forgiveness from the State, because I think there is a consistency in both.

I think that we worked out, over a long period of time, a reasonable arrangement. I don't want to go into it

any more. I think we have heard it back and forth. But I must take exception to your statement that this has any effect on our getting forgiveness from the State, and I oppose that statement, because there is no relationship to it. I would like the record to so indicate.

PRESIDENT RUDDEN: Okay. Does the motion made before still stand with reference to the last paragraph in the resolution?

COMMISSIONER ROTHENBERG: There was no motion.

COMMISSIONER MORRISON: The motion is to approve the resolution as it stands.

COMMISSIONER GOLDMAN: Second.

COMMISSIONER ROTHENBERG: We have two folders here, and I just want to make sure we are talking about the same one. What were the changes in those early paragraphs?

MR. TAORMINA: We handed you an amendment to the first resolve clause, so it would be the Resolution 77-17 as amended.

COMMISSIONER ROTHENBERG: As amended. I call the question.

COMMISSIONER BRIDGES: One more. My amendment died for lack of a second?

PRESIDENT RUDDEN: That's right.

COMMISSIONER GOLDMAN: Call the roll?

MR. HUNTSMAN: Mr. President, Jim Rudden, your vote?

PRESIDENT RUDDEN: I still feel as I did, not satisfied with it, so I will vote no.

(The motion was carried by a vote of three to two:

Commissioners Goldman, Morrison and Rothenberg - aye; Commissioners Bridges and Rudden - no.)

MR. WENTZ: Thank you very much, gentlemen. I assume I will get an official communication from you that I can pass on to my board. Thank you.

(Short recess.)

MR. HUNTSMAN: Mr. President, continuing with unfinished business, Item 6.2, request authorization for the Commercial Property Department to offer bulkhead space at Pier 31 to the Crow's Nest, namely, Louis Magliulo, and to negotiate a lease..

MR. DAVID: Mr. President, we felt that we had an obligation to come up with some alternative for the Crow's Nest. This matter has been before you for a matter of months, so I directed Mr. Thiemann to see if he could determine a location that would be suitable, and we are recommending the bulkhead at Pier 31, and Mr. Thiemann will speak to that point.

MR. THIEMANN: I just had passed out to you a memorandum from Mr. Meyers of the Planning Department which indicates that the Planning Department would not object to the Crow's Nest restaurant being transferred to this location, subject to certain restrictions which you have in that memorandum.

We have offered the location to Mr. Magliulo. He is here with his attorney, Mr. Wall. They really haven't had time to digest this yet. Mr. Wall would like to speak at this point.

COMMISSIONER ROTHENBERG: Mr. Thiemann, could I

just ask one question, because of my ignorance?

When you talk about bulkhead space at Pier 31, does that relate specificall to a location?

MR. THIEMANN: Yes. On the northwest corner of Pier 31 there is a small protrusion from the pier structure itself, and that is what I am suggesting as a possible location.

COMMISSIONER GOLDMAN: Mr. Thiemann, are you saying that it is either that --

First of all, the issue is not really before us today, other than to suggest procedures.

MR. THIEMANN: Yes, sir.

COMMISSIONER GOLDMAN: What you are offering, then, to Mr. Magliulo is the opportunity of going to that spot or giving up his relationship with the Port?

MR. THIEMANN: Well, it is the only location on the northern waterfront that I could come up with which I felt was suitable from your standpoint, from the Port's standpoint, as well as the tenant's. However, he hasn't made up his mind yet.

COMMISSIONER GOLDMAN: Then I guess the issue would be --

MR. THIEMANN: That you authorize me to negotiate with these people for this location, if they wish to do so.

COMMISSIONER ROTHENBERG: And can we just get a sense, when you say a lease, the problem we had is the difference between a 66-year lease and -- We are not dealing with that matter today. It will be back at some other time?

MR. THIEMANN: That's right.

MR. DAVID: We are merely asking if the concept of moving it to Pier 31 is acceptable to the Commission.

COMMISSIONER ROTHENBERG: If we are all in favor, do you still want to talk?

MR. RICHARD J. WALL: Yes, Mr. Rothenberg, because if it were couched in the alternative, we would have no objection to this at this time.

I think, for the benefit of some of the commissioner, I would like to explain what occurred.

We were here in August when this matter was first before the Commission, and there was a direction to see if something could be done to resolve the dilemma in which the Crow's Nest found itself. I immediately went to work on that. I have met with numerous members of the staff since August -- Mr. Soules at that time, Mr. Bobier, Mr. Vickers, Mr. Thiemann, Mr. David recently, Mr. Magliulo -- looking at potential locations to relocate this man and solve a very serious problem for him personally in his business.

Last week, unbeknownst to me, Mr. Thiemann took Mr. Magliulo down to Pier 31 and showed him Pier 31. For your information, we had looked at it when the Commission directed the staff to find a solution to this problem at other locations, and looked at the bulkhead building on the north end of Pier 5, and addressed ourselves to some of the problems, and had gone forward with that, including getting cost estimates there.

Last week, when the Pier 31 came up, unbeknownst to me, as I indicated, Mr. Magliulo went down there with

Mr. Thiemann. I learned about it after the fact, and called Mr. David, and we met last Thursday. He was unable to continue the meeting because of a prior commitment. We met again yesterday morning at 10:30, and at 11:00 o'clock Mr. Thiemann and I went and looked at the location, and then again we met for an hour and a half last night.

We are not saying we can't go to Pier 31, but we have a problem with this, like I said, for the past three months negotiations or discussions has seemed to resolve this problem. It appears that things have been changed on us, and we want to work with the Port to see if we can resolve this thing, but once again I find myself in a position of wondering whether I am spinning my wheels. Who can I talk to and set forth our problems without coming to each member of the Commission and saying here it is.

For the past several months I have not had any contact with members of the Commission, because it was my understanding the Commission said to the staff, work with this, come up with a proposal, and after it has been thoroughly evaluated by both the Crow's Nest and the staff, we will make a recommendation, and at that point the Commission would go forward with it.

But right now, gentlemen, we find ourselves in a position of --

PRESIDENT RUDDEN: Are you saying that this location is an unsatisfactory one?

MR. WALL: Mr. Rudden, at this moment Mr. Magliulo has not had the opportunity to really evaluate it. He has

walked in and seen that bulkhead building. We don't know whether there is parking involved. We don't know whether BCDC is involved. We have also met with Mr. Meyers and another gentleman, who are doing this north waterfront study from the Ferry Building to Pier 7 or 8 as a study, and we know that they have a scenario or several different proposals that they are talking about recommending to the North Waterfront Advisory Board, and then when they conclude their study it will come back to the Commission.

We recognize those as problem areas, but we are willing to go forward with that, because of the three scenarios two of them would allow us to utilize that bulkhead building there at Pier 5.

COMMISSIONER GOLDMAN: Mr. Chairman, I would like to answer the questions asked of us by Mr. Wall.

Number one, as far as the Commission is concerned, you don't work with the Commission. You work with the staff. Mr. David is the Port Director at this time, and that is the way you get things resolved.

Your concerns, of course, are that progress is taking place, and if something impedes progress we have to adjust to it. If you are building a freeway and have a house in the middle of it, something has to give.

Unfortunately, this seems to be the basic problem. The question is, is there a way to accommodate. Now, I am not clear, since it hasn't been before us for discussion, whether there is only one possible area for relocation of the Crow's Nest.

What we are endeavoring to do is, in a realistic manner of conducting the business of the Port, to see if there is a way that we can accommodate the Crow's Nest and carry out the responsibilities we have.

If it is not limited to that, I am perfectly happy to hear from the staff whatever they ultimately come up with. Right now this is an effort to try to accommodate, and I will accept it as such, but I don't limit it to that, either. If something else can be resolved, you will hear from our staff.

Mr. Chairman, I don't think the matter is really before us.

COMMISSIONER BRIDGES: One question. Your client, Mr. Magliulo, have you arrived at an estimate as to what this will cost your client to make this move that is proposed here?

MR. WALL: In Pier 31?

COMMISSIONER BRIDGES: Yes.

MR. WALL: No, Mr. Bridges, we have not at Pier 31 because I saw it for the first time yesterday morning, and Mr. Magliulo saw it, I think, Wednesday or Thursday of last week for the first time as a potential.

We had been working and looking at the bulkhead building at Pier 5, which was the direction that the staff had given us starting in August as a potential location, and we went forward and investigated that thoroughly.

We didn't pick Pier 5. That was suggested to us as a location, and we investigated that.

COMMISSIONER BRIDGES: Has Mr. Magliulo got an

estimate? Has he got any notion?

MR. WALL: He hasn't had time to look at it.

PRESIDENT RUDDEN: He hasn't had time to look at it, so we are just spinning wheels at the moment, are we not?

MR. WALL: Well, the only thing I say, Mr. Rudden, I haven't seen a resolution, but it is saying it is Pier 31, and if that is what the Commission wishes to say, we will endeavor to see whether we can live with it.

But on the other hand, I would suggest to the Commission that they think in terms of the alternative, as Pier 31 as a new option to us to consider.

PRESIDENT RUDDEN: Well, this is authorizing our Commercial Department to offer this to you. Now, if it is not a practical solution to this thing, if it is going to cost too much or whatever, this is merely an offer. This isn't anything we are passing upon conclusively, I don't believe.

COMMISSIONER ROTHENBERG: I think what you should understand is that the staff has been trying to catalogue all the various locations they thought would work, and they had thought at one time Pier 5 would be best, but some of the other agencies, especially City Planning, felt it was a very inappropriate use, and we thought, rather than get into a big battle of getting you convinced to go one place and then starting the permit rounds and everybody saying, great idea, but you can't do it, it was probably better to just be more realistic.

I think their thought is that this facility is one -- and I notice the memo from City Planning seems to agree --

that you will probably have the least problems getting resolved, and by that I mean the problems outside of our jurisdiction.

So I think, although it may not appear that way, they were trying to be kind, and didn't communicate all the problems.

MR. WALL: I am not questioning their motives, Mr. Rothenberg. It is very difficult, as a lawyer reporting back to a client, to say, here is where we are looking at, let's get our people involved to see whether it is a viable project for us, and then all of a sudden signals change.

I am asking maybe to be told, if Pier 5 is out, it is out, and we will try and address ourselves to Pier 31. But I really would prefer that the Commission put Pier 31 as another alternative to Pier 5, and we will address ourselves to a study of Pier 31.

COMMISSIONER ROTHENBERG: That was the point I was trying to disavow. I think maybe the staff should address it, but I don't think Pier 5 is a possibility.

MR. DAVID: No. The staff, as we discussed yesterday, is recommending Pier 31, and not an option on Pier 31 or Pier 5.

COMMISSIONER GOLDMAN: I think there is another item you must bear in mind. There must be some sort of a time factor involved, and I think what is being done here is an effort on the part of the staff of maybe moving a little faster than the norm to help the Crow's nest to relocate itself before it is no longer there.

MR. WALL: Well, I agree with you, there is a time factor, Mr. Goldman. We have been for three months working at this, and I won't burden this Commission with the number of phone calls I have had from my client, who tells me daily what his problem is of surviving, and surviving is the name of his game right now.

PRESIDENT RUDDEN: We have asked the staff to work out something if possible, and I think that it is a staff function. If Pier 5 is out the window, I think you should move on to Pier 31, or whatever else the staff may suggest that they do. Otherwise, it can go on forever.

COMMISSIONER GOLDMAN: As I said before, Mr. Wall, and I would like to repeat in your presence, we are not limiting the Crow's Nest from relocating any place. We are only concerned about that area that involves the Port. I think that should be in the record. It isn't either the Port or nothing, as far as we know.

MR. WALL: I recognize that, Mr. Goldman. I don't want to burden you gentlemen with the whole story of the background, starting with the two Port directors prior to it, and the commitments that were made to be in that existing location.

Maybe Mr. Bobier can elaborate on it, because after I met with Mr. Soules and Mr. Bobier, I think it was Admission Day, they gave up their holiday and we spent three hours discussing the background of it, and possible locations, and from that point on, with Mr. Thiemann, and at a later date with Mr. Vickers, and one day with Mr. Meyers for several hours

showing what they were studying on it, we are just trying to say to the Commission, we want to work with you. We want to solve this problem, and do it so that this man can live and not go under.

We feel that maybe three months has not been lost, but on the other hand it has been very costly to him to accomplish. He meets a daily payroll operation, and is not able to survive.

COMMISSIONER MORRISON: Mr. Wall, the Commission has indicated a number of times that we do feel a compelling responsibility to help him if we can.

Now, your complaint, or one of your complaints, I guess, is that you haven't been brought closely into the negotiations, or as closely as you would like.

MR. WALL: No, no, no. I am not making any criticism of staff, Mr. Morrison. I am only saying that this resolution before you this morning is something that we just learned about in the past several days, and we had been negotiating with the staff to solve this problem in another area, and then we were told, new bulkhead building, look at it.

I think we have a communication problem, Mr. Wall. Maybe the best way to move the matter forward is for the Commission to move forward this recommendation, and then perhaps you and Mr. Thiemann and whoever else is appropriate can spend some time looking at this new building, and if you decide fairly quickly that it is inappropriate, then perhaps you have to go back to us and the ball starts all over again.

I think the staff is trying to be as kind and

efficient and as speedy on this as they can. I think there are a number of matters, though, that are outside their control, and that is what they are trying to, as I said before, buffer you from, and the communication process rarely works as well as we would like it to, and for that matter I apologize.

MR. WALL: I understand. If sometime in the future I have to go through the historical, day-by-day meeting and what was said and where we went, I will be happy to, but I don't think at this point it is necessary.

PRESIDENT RUDDEN: I don't think we can belabor this. We both want the same thing. We want to help if we can. That is what we undertook in the first place.

COMMISSIONER ROTHENBERG: Call for the question.

COMMISSIONER GOLDMAN: Before we do, may I just make a comment. I think in fairness to the staff we are putting ourselves in a complex position.

The facts are that when it became known that this area was going to be allocated to a different development, it became pretty apparent to everybody, and I assume to the Crow's Nest as well, that something had to give, so let's not put the burden on the staff or on the Commission, particularly. This is a business matter, and it is one that relates to progress in a certain area. It is an unfortunate circumstance to a degree, but it is a fact of life.

Now, we are going to try to help, but I don't think it is our basic burden.

MR. WALL: Well, at some other time I will disagree

with you, Mr. Goldman, on that, because we were an existing tenant there since 1952, and representations were made to us by the Port about our being there as a tenant. I don't want to get into that.

COMMISSIONER ROTHENBERG: Call for the question.

MR. ROBERT MEYERS: I have just a brief explanatory statement. About that memo, that memo is purely what my recommendation to my Director would be in the Department of City Planning. I have no idea how he will respond to that, nor the City Planning Commission.

The key thing in there is that the areas between Piers 9 and 35 are maritime piers, and a limited amount of commercial activity in the plan for the northeastern waterfront is encouraged, providing that maritime use is not impeded in those piers. So that is key.

COMMISSIONER BRIDGES: Mr. Chairman, I prefer to leave that kind of a judgment up to this Commission as to what is maritime and what isn't. City Planning has got nothing to say about it.

COMMISSIONER ROTHENBERG: Call for the question.

MR. THIEMANN: There is no motion.

COMMISSIONER MORRISON: Move that we do authorize the staff to offer the site to the applicant.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HUNTSMAN: Item 6.3, approving phase-out plan

for billboards on Port property.

There is no staff recommendation on this item, and I would like to call the attention of the Commission to the memorandum that you have in your backup material from our Deputy City Attorney stating that any decision by this Commission on removal of billboards could have an impact on pending litigation of the City respecting Supervisor Feinstein's resolution of January, 1977.

COMMISSIONER GOLDMAN: Why is this before us?

COMMISSIONER MORRISON: I move that 6.3 a) and 6.3 b) be continued.

MR. TAORMINA: Excuse me. 6.3 a) can be continued. 6.3 b) can be resolved. They are two separate items.

MR. THIEMANN: Here is an explanation.

PRESIDENT RUDDEN: Let's take 6.3 a) first, if there is no objection to continuing it, it is continued.

6.3 b), approving application.

MR. HUNTSMAN: 6.3 b) is to approve License No. 9748, Eller Outdoor Advertising, and No. 9479, Foster and Kleiser, for 30-day licenses at various locations for billboards.

COMMISSIONER GOLDMAN: Excuse me. Would you repeat that second number, please?

MR. HUNTSMAN: The second number is 9479.

MR. TAORMINA: That should be 9749.

PRESIDENT RUDDEN: Are these the ongoing licenses?

MR. THIEMANN: These are the ongoing licenses, and they represent the reduction in the number of billboards in each case. There were five billboards removed or will be

removed from Seawall Lot 311 because of the North Point Pier project, and two have already been removed from Seawall Lot 334, I believe it is, 3 or 4, for the sewer project.

This effects a reduction in the number of billboards and a reduction in the rent.

COMMISSIONER ROTHENBERG: These are new leases. Correct?

MR. THIEMANN: These are licenses taking the place of the previous licenses.

COMMISSIONER ROTHENBERG: I would like, Mr. President, if it is not a great inconvenience to the staff, I would just like to continue this matter until the next meeting when we deal with the other, because I am worried that, if for some reason, we make a judgment on one, and we have just gone to the trouble of giving a new license, we may confuse our own options.

COMMISSIONER MORRISON: Mr. President, I certainly second that motion.

COMMISSIONER ROTHENBERG: The only reason I want to continue it, Mr. President, is that I have been out of town for ten days, and I would like to drive by.

PRESIDENT RUDDEN: In other words, we have continued 6.3 a) and 6.3 b) until the next meeting.

COMMISSIONER ROTHENBERG: If the staff is not unduly inconvenienced.

MR. THIEMANN: No. problem.

May I ask a question on 6 a) of Mr. Bobier? Should this matter be brought to the Commission again, or should it

wait until the litigation has been completed?

MR. BOBIER: Well, I sent a memo to each of you. I really don't want to discuss that matter publicly for, I should think, obvious reasons. They are evident in the memo.

COMMISSIONER MORRISON: Mr. President, I am not prepared to approve any license or lease for a billboard until this Commission has a phase-out plan for billboards, and it seemed to me alarming to read over the material that we were sent, admittedly without a staff recommendation for approval, but that seemed to me to be a billboard preservation plan, not a billboard control plan.

I think a great deal more work needs to be done on this.

COMMISSIONER ROTHENBERG: Mr. Morrison, let me defend Mr. Thiemann on this rare instance. I think he did a good job here, and I just think what we have got to do is talk through what policy and plans will be, both to be fair to the people that own these billboards and be fair to the companies who are paying us fairly substantial sums of money to develop the lands around them.

I think we can come out of this with an even-handed policy. I just think we need to let it cook for a while. I don't think it is fair for us to sort of ask Harry to put the policy together, because I don't think he is aware of what is going on in the back of our minds. I am not sure we are aware of it.

COMMISSIONER MORRISON: I am quite willing to have

this Commission set the policy, but to provide for a ten-year phase-out for a billboard on the southern waterfront seems to me preposterous.

COMMISSIONER GOLDMAN: May I ask a question? What is the -- I haven't had a chance to read the memo that we just received, but what is the anticipated time frame in regard to this pending lawsuit against the supervisors?

MR. BOBIER: You didn't see my memo?

COMMISSIONER GOLDMAN: What is it?

MR. BOBIER: Well, I am informed that there are two cases involved, and one of them, a motion for a summary judgment by the City was denied, and in the other case the judgment went against the City and it is on appeal.

I am not involved in that litigation. I just wrote you the memo in response to a question of Mr. David.

MR. THIEMANN: It is in that material that was passed out.

MR. BOBIER: It was sent to you last week.

COMMISSIONER GOLDMAN: So we don't have any time frame to relate to at this time.

COMMISSIONER ROTHENBERG: Maybe at the next meeting we could perhaps have an executive session and discuss it.

COMMISSIONER BRIDGES: We are more or less bound by those decisions and those developments anyway?

MR. BOBIER: The law is the law. I would be happy to discuss it with you in executive session, but not now.

COMMISSIONER ROTHENBERG: The only reason I don't want to renew those leases, I want to make sure we are all in

agreement that whatever we do is fair to everybody involved, and I would rather we come to some conclusions among us about what policies we are going to have in general before we approve one or two things out of order.

PRESIDENT RUDDEN: We will defer 6 a) and 6 b) until the next meeting.

MR. PAUL HUFF: Mr. President, may I speak for just one moment, please?

PRESIDENT RUDDEN: Yes.

MR. HUFF: My name is Paul Huff. I am an attorney at law, and I represent Foster and Kleiser.

I wonder, if there is an existing proposal before the Commission with reference to phase-out, if we may not be supplied with a copy of it.

PRESIDENT RUDDEN: You certainly will.

COMMISSIONER MORRISON: The proposal was, as I recall it, in the form of direction to the staff to prepare a phase-out proposal. I doubt if there is anything in existence now.

MR. HUFF: I understood that there was, Mr. Morrison. If not, fine, but if there is, I would appreciate having a copy.

COMMISSIONER MORRISON: Well, certainly you should have the minutes of the Commission action on the matter.

MR. HUFF: Thank you.

MR. HUNTSMAN: Mr. President, new business, Item 7.1, approving an amendment and increase to an existing contract with William Gleason Associates for professional services in

an amount not to exceed $12,000 for a period from January 1, 1978 to June 30, 1978. The staff recommends approval. You have the backup material in your folders.

COMMISSIONER GOLDMAN: Mr. Chairman, is this a continuation of an existing contract, and, if so, why isn't it on an annualized basis?

MR. DAVID: Mr. Goldman, we had a contract with the Gleason agency to do our advertising program for this fiscal year. Everything was specified in the contract as to how much he was to spend on each advertisement, and in what publications those advertisements would be. The total cost of that, with production, came to $40,000.

In my opinion, and I think from comments from several of the commissioners, for the remainder of this fiscal year we want to upgrade our public relations program, so I had a meeting with Mr. Gleason and asked how he could assist us in this, and he informed me that he could assist in preparation of a newsletter, which we find terribly important. I think it is something we should have. We should have brochures describing our Pier 94-96 facility. We should do a new Ocean Shipping handbook, which has not been done in a year and a half.

Mr. Gleason indicated that he could provide this service for us for approximately $12,000 for the remainder of this year.

I didn't want it to be interpreted that we asked you for $40,000 for advertising and we are now saying that wasn't enough, we need $12,000 more. That is not the case.

We are asking him to perform services that were not in his original contract.

COMMISSIONNER BRIDGES: In addition to the $40,000 plus the $12,000, there is all this additional cost, like this booklet or brochure, pamphlet that you just mentioned. The printing and the preparation of that, that is all extra that we get charged for. Right?

MR. DAVID: Yes, sir.

COMMISSIONER MORRISON: Mr. President, I am certainly strongly in favor of augmenting the advertising promotion budgeting, and I think we should go ahead with this item before us.

I do have some concerns about how this promotion program, and especially the newspaper advertising program, is linked up and integrated with our marketing program.

I notice on Page 4 of Exhibit A it is required that the contractor shall prepare and submit to the Port for its approval a detailed breakdown of allocations of expenditures, by numbers of insertions, cost per insertion, and multiple cost of insertions, for the following publications, and then we list six.

I would like to know, not today but in some reasonable time, why these publications were selected, what the readership of them is, and what our advertising objectives are. Are we reaching the people that we ought to be reaching with this money? Presumably we want to get shippers to know more about the Port of San Francisco. Maybe we should be advertising in the business section of the Chicago Tribune. I don't

know.

But do we have a settled, rational plan for going out and reaching, through advertising, people who will bring business to the Port? That is the consideration.

COMMISSIONER GOLDMAN: I would like to add to that a couple more questions. I would like to suggest that before we enter into the next fiscal year contract, that we have a better understanding of what it is we are expecting from the advertisers, that we possibly have others bid in relation to it.

I also am curious to know how much of this work can possibly be done by staff, such as putting out a newsletter. I have trouble with that, because I would think a newsletter would emanate from within. I don't know what the complexities are. Maybe I don't understand them all.

But I think that these are questions that we should deal with in due course. The fact is that we have need for more users of existing Port property. I think we have to analyze what it is we intend to do, to reach, and then we select the advertising agency.

I think the input as to what we intend to do, whom we intend to reach out to, shouldn't come from the Gleason agency. It should come from within, and I think the staff can present to us within the next 60 days or so a more comprehensive idea as to what they hope it will do, so that we can relate to either Gleason or whoever else, to make sure that we are getting the most effective support to the determinations made by us

PRESIDENT RUDDEN: Do you want to defer this item?

COMMISSIONER GOLDMAN: No. I don't want to hold this up. I am looking forward, Jim, to the next round.

MR. DAVID: Mr. Morrison, do you want an answer to your question today? I am sure I could answer it.

COMMISSIONER MORRISON: If you have it on the tip of your tongue, yes.

MR. DAVID: When we entered into the agreement with the Gleason agency, we in effect ran a contest among advertising agencies, and asked them to bid for our work on spec. What we wanted was samples of advertisements. We recognized that the advertising program we previously had --

COMMISSIONER MORRISON: Mr. David, I understand that. I am not questioning you. I think these are excellent advertisements.

My question is, are they being read by people who have the potential of increasing our business.

COMMISSIONER GOLDMAN: I will even add to that, Jack. I think they are excellent, too. What are we doing with them? They have been run in the papers. Why don't we take a sheaf of copies of each of these, which are very well put together, and distribute them to people who ship? Make copies and mail them to the Penney Company or wherever else would possibly use this Port. We have to encourage people to use this Port.

I don't want to just stop and say the program is over. I think it has only begun. I think we can use these leaflets to greater advantage by reaching out in other

places and sending them. I hope we will do that.

COMMISSIONER MORRISON: Advertising agencies have, as I understand it, research departments that tell you what you do in order to reach the market.

MR. DAVID: That's correct.

COMMISSIONER MORRISON: That is my concern.

PRESIDENT RUDDEN: Okay. I have a motion that we approve this $12,000 item.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HUNTSMAN: Item No. 7.2 a), to approve Administrative Resolution A107-45 and A107-46 for the relocation of the Embarcadero Piers 35-41; b) review bids received November 30, 1977; and c) award Contract No. 2475. The backup material has been put into your packet.

COMMISSIONER ROTHENBERG: I think there should be a comma between Embarcadero and Piers, unless we are taking out Piers 35 to 41.

COMMISSIONER GOLDMAN: So that reads correctly, you mean between Piers 35 and 41, don't you?

MR. VICKERS: Yes.

The bids for Contract 2475 were received. I wrote you a long supplemental discussion on this. I would like that supplemental discussion, which is Item 7.2 to be part of the minutes, because it describes the whole problem, rather than go over it and read it again.

Now, there are several things. The bids were higher than our estimate. We reviewed these with the State Department of Transportation. I have a letter I just received from them, and they concur with our recommendation to go ahead with the award anyway. They are paying 83 percent of the project.

Also, we have two resolutions for this. We have one resolution that you award the contract to McGuire & Hester. We have another resolution that you approve the Local Agency Federal Aid Urban System Project. This enables you to get the money through the Department of Transportation for the project. So I would like to read both of these resolutions.

One is Administrative Resolution No. A 107-45. This is: "RESOLVED that Contract No. 2475 for Relocation of The Embarcadero, Piers 35-41 is awarded to McGuire & Hester for unit prices and lump sum prices bid for Items 1 through 47 in the total amount of $794,493.50."

COMMISSIONER ROTHENBERG: Will you insert that word "between" before the word "Piers"?

MR. HUNTSMAN: We will correct it on our records.

MR. VICKERS: Is there any question about that one?

(No response.)

MR. VICKERS: Do you want to approve it, then?

COMMISSIONER MORRISON: Move approval.

(The motion was seconded, and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER MORRISON: Let me ask. We are paying $130,000?

MR. VICKERS: Yes, $133,686.89.

COMMISSIONER MORRISON: And the issue was raised by Mr. Herren whether that should be a capitalized expenditure. Is that correct?

MR. VICKERS: I am recommending that we do what Mr. Herren suggested.

COMMISSIONER MORRISON: Is that embodied in the material before us?

MR. VICKERS: Yes.

COMMISSIONER MORRISON: It seems to me certainly the right way to do it.

I would only like to observe, Mr. President, that I think it is a great shame that Warren Simmons isn't paying that $133,000, but instead the Port is saddled with the expense, and it is going to add greatly to the economic viability of his operation.

PRESIDENT RUDDEN: That is approved.

MR. VICKERS: Then the next resolution, Resolution No. 107-46, says: "RESOLVED that the Program for Local Agency Federal Aid Urban System Projects, Project TQM-D 195 (1) for the Relocation of The Embarcadero between Piers 35-41 is hereby adopted.

COMMISSIONER MORRISON: So move.

(The motion was seconded, and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HUNTSMAN: Item 7.3 a), review bids received December 13, 1977 for the removal of Piers 18, 20 and 22.

7.3 b), award Contract No. 2467. Along with this is Administration Resolution 107-47. The staff recommends approval.

MR. VICKERS: We received bids for Contract No. 2467 on December 13, 1977. We received three bids, the lowest of which was from Ferma Corporation for the lump-sum price of $686,944.

As you can see by the bid breakdown, the bids varied from his low bid to a high bid of $1,154,000. Our estimate was $885,000, and I request that the Contract 2467 for removal of Piers 18, 20 and 22 is hereby awarded to Ferma Corporation for the lump-sum price of $686,944.

COMMISSIONER GOLDMAN: So move.

COMMISSIONER MORRISON: Second.

COMMISSIONER GOLDMAN: Question. Is this the same company that has the bid for Pier 14?

MR. VICKERS: Yes.

COMMISSIONER GOLDMAN: And the second question. Of the monies saved over the estimate for bidding, are those funds to be allocated to the total development, and thereby be available in addition to other estimates for the promenade park development that will be --

MR. VICKERS: That is our hope. That is the last project, and if the bids continue to come in under estimate, we will be able to --

COMMISSIONER GOLDMAN: How many more projects do you have?

MR. VICKERS: We have the removal of Pier 16 and the

relocation of the Maintenance Department.

COMMISSIONER GOLDMAN: I see. So right now we are a few hundred thousand dollars ahead?

MR. VICKERS: We are ahead.

It is a total project. We can keep the money for the total project.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none,)

MR. HUNTSMAN: Item No. 7.4 to authorize the Chief Harbor Engineer to advertise for bids for the removal of Buildings 7, 8, 9, 22 and 80 at Seawall Lot 349, also known as the Alvord Grant property. The staff recommends approval.

COMMISSIONER MORRISON: Will you go over this for us?

MR. VICKERS: Surely. I should have brought a drawing along. All I have is a little drawing.

The Alvord area is down here, and there is an undeveloped area on the north half of Alvord, and in preparation of preparing plans and specs for the development of that, one of the first things we have to do is remove some of the buildings, so what we are requesting today is that you allow me to go ahead and request bids for the removal of the buildings. I have the buildings shown here on this little plan, if you want to send that on down.

COMMISSIONER ROTHENBERG: We are taking these buildings down because we need the ground space for the proposed use?

MR. DAVID: Yes, sir.

I might add that we are in negotiation with a group right now for the use of this property. Their time frame requires that we go through the bidding process at this time. I have enough evidence that I can assure you that by the time the bids are received we will have a firm proposal before you.

In other words, it is just the bidding process. We are not going to ask you to accept bids until we have a firm offer before you.

COMMISSIONER ROTHENBERG: Why should we pay to tear this down? Are we getting this back in the revenue stream from the tenant, or --

MR. DAVID: Yes, you will be.

COMMISSIONER ROTHENBERG: We are going to get reimbursed for the demolition and whatever construction we do down there? I don't mean reimbursed. I mean either through larger rentals or --

MR. DAVID: We would be reimbursed over a period of time from the proposed user, yes.

COMMISSIONER GOLDMAN: Do we have some general idea how much we are speaking of in the costs?

MR. DAVID: Yes.

MR. VICKERS: It is in my write-up. We can't announce that.

COMMISSIONER MORRISON: Move approval.

(The motion was seconded, and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

COMMISSIONER MORRISON: Mr. President, I have one question. I met a while ago with some people from Bethlehem Shipyard, and they were a little distressed that we were doing quite a few things down there, and they didn't know about it, until they heard about it very inadvertently.

I just make it as a point of fact. I just hope that as we are doing this that we communicate to them, since they are unique in that they are the only person on our waterfront that is not a tenant, and I think that is a flourishing area down there, and we want to encourage them all we can, so we want to make sure nothing we do compromises them.

As I understand it, they have some major problems with the marina thing that will be coming up for next week.

But the second issue is, I just want to make sure from here on, whenever we are making any changes in terms of demolition or construction, we at least go through the courtesy of informing the surrounding parties -- traditionally, they are tenants -- of what we have in store, because oftentimes they will probably give us better advice than our own people looking from afar.

I just throw that out on a fallow field.

MR. HUNTSMAN: Next item is a report from the Commercial Property Department, Mr. Thiemann.

MR. THIEMANN: I have two items to report to you. First of all, if you recall, several months ago you authorized me to negotiate a lease at Pier 3 with the Shaver

Transportation Company. Shaver has cancelled their occupancy at Pier 3 under the license as it exists, and they are moving back to the Pacific Northwest with their vessels, so there will be no lease with Shaver at Pier 3.

Secondly, I passed out to you a small drawing of Pier 33, showing who the tenants are. There are some changes that have taken place since this was prepared.

Looking at the bottom part of it, which is the east side of the pier, Associated Lighting Company has cancelled effective the end of December, which leaves all of the tenants on that side of the Pier maritime types.

Pan Marine Constructors are deep sea divers, and Blue Pacific, Western California Fish, Alioto Seafood and Pacific Seafood all are discharging fish, all to the pier, and taking it to other locations for processing.

The tenants on the north side of the pier, or the west side in this instance, we have the U. S. Customs in the front end. The San Francisco Water Department has its waterfront office there where they service the vessels on the waterfront. Epi's is a temporary use while the Epomonandas Restaurant is being constructed across the street on Bay Street, and they will be gone in another month or so.

Delta Communications was a tenant in Pier 39, and was moved here when Mr. Simmons' group took over Pier 39. EDS is canceled. Harvey Gaisek* was a tenant in 39. He has storage. The Hare Krishna group are storing their wagons that they use for their Golden Gate Park festival every year.

Partition Specialties was a tenant at Pier 39 who

was moved here. Milton Meyer was not a tenant in 39, but they were associated in the use of some space in 39 with another tenant, and they have been moved here. Solo Films is there temporarily. They are making a moview in San Francisco, and they will depart shortly after the first of the year.

Bryan Whipple has two railroad cars on the apron and that one bay that you see there. He uses the bay to get access to his railroad cars. One car he is restoring. The other car he uses as an office.

The one at the end of the pier, Isis Imports, is not there yet. You have not approved a license for them. They are an import company, and they will occupy 3,300 square feet.

All of the space on this pier -- Incidentally, Pacific Far East Lines is in the front of the pier on the east side. All of the tenancies here are month to month.

Perhaps I have been naive, I don't know, about putting some of these people in here, because they are not maritime-oriented, and I felt that, because they were in 39, I could move them here on a month-to-month basis, but I am advised now that both BCDC and the Planning Commission must approve this, even though it is a month-to-month occupancy, so it is possible that some of these people will have to move off the pier.

COMMISSIONER GOLDMAN: Question. Do I gather that the Isis Imports is at the east end of the pier?

MR. THIEMANN: Well, it is the north end in this instance.

COMMISSIONER GOLDMAN: North end. Okay. So the land side, the Embarcadero side, is on the left side of the Customs. Isn't there a bulkhead somewhere involved there?

MR. THIEMANN: Oh, yes. There is a bulkhead on each side of this, but I thought you were only interested in the pier itself.

COMMISSIONER GOLDMAN: I am interested in the whole area, because I certainly will credit you for naivete, but I am more concerned about the total use of the facility, and I see this helter-skelter use here, and I am just wondering if anybody is making an effort to evaluate the total of the pier to see what can be done to utilize it more effectively.

COMMISSIONER ROTHENBERG: Maybe I can ask a question in a different direction, and answer your point, too.

If we wanted to fill this pier with just maritime tenants, in terms of smaller companies that we all agree are maritime users, would that be difficult to do?

MR. THIEMANN: Yes, I believe so.

COMMISSIONER ROTHENBERG: What if we wanted just one or two larger maritime tenants in there instead of a group of small ones. Would that be any easier?

MR. THIEMANN: I don't think it would be any easier.

COMMISSIONER GOLDMAN: What if we turned it over to a developer?

MR. THIEMANN: Then you would have to change the whole use of the pier. This pier is designated as a maritime pier. Then you would have to go back to the City Planning

Commission. Mr. Meyers is here, and he may speak to that.

COMMISSIONER GOLDMAN: Is it limited to this use?

MR. MEYERS: It is designated as a maritime pier, at the request of the Port Commission, and for any nonmaritime uses a conditional use authorization by the City Planning Commission is required.

COMMISSIONER GOLDMAN: Let us investigate this, then, because this is not the kind of maritime use that I think was anticipated. I think usually when we are talking maritime use and designating a pier for it, we are anticipating that ships are going to pull up alongside and discharge and take on cargo.

MR. BOBIER: Not in the staff's mind. They don't anticipate ships pulling up.

COMMISSIONER GOLDMAN: I am not talking about the staff. I am talking about the Commission. I think maybe our request to do this might have envisioned something different.

MR. THIEMANN: It was really your staff's request that made it a maritime pier. The staff brought this to the Commission, and you accepted the then Port Director's recommendation.

COMMISSIONER GOLDMAN: The problem for me is that we are talking about warehousing. Some of them happen to be fish-related companies and some of them are non-so-called fish-related companies.

MR. THIEMANN: Well, there is no warehousing with the fish-related companies. They merely discharge the fish

into vehicles on the pier and haul it to other locations. They have to have a place to discharge.

COMMISSIONER MORRISON: But there is a possibility for expanded use for fishery, isn't there?

MR. THIEMANN: Yes, there is.

The problem on this pier, the reason everything is on the east side of the pier is because the west side of the pier has a depressed track, so that there is no platform there to work on.

COMMISSIONER ROTHENBERG: Would the cost of covering up that track with asphalt be prohibitive?

MR. THIEMANN: Well, the track is down about three and a half feet in a depressed area.

COMMISSIONER GOLDMAN: I went down there one time, and I recall that there is an architect's office down there?

MR. THIEMANN: No, that is Pier 9, sir.

Oh, you are talking about the bulkhead building?

COMMISSIONER GOLDMAN: Yes. Can you give us a rundown on the bulkhead building?

MR. THIEMANN: I didn't understand that you wanted that. I thought you were talking about the piers.

COMMISSIONER GOLDMAN: I thought when you are talking about a pier you are talking about everything that is related to it. At least that is what I thought.

MR. VICKERS: May I add a little to this? The Fire Marshall and I have been quite concerned about Pier 33, so consequently we have only been approving permits that are chain link fences and portable offices, such as house trailers

or something, to go along with the 30-day nature of the project, and we could move everything off. We are trying to keep wooden fences and wooden partitions out of the project.

COMMISSIONER ROTHENBERG: Is this building sprinklered or not?

MR. VICKERS: It is not a sprinklered pier, and we very carefully ask their occupancy before they go in, and we have been trying to enforce it. There is only one or two minor spots there that I have talked to Harry about that could be a problem.

But otherwise, I just want to add that, too, that we have been trying to keep it a very temporary type thing.

COMMISSIONER ROTHENBERG: The only question I keep going back to is, the staff has to give us their best judgment of whom we can get as compatible tenants on the west side, and passive storage may be the best we can do, but if it has to be passive storage, I think we would prefer it to be maritime. But we much prefer working areas.

Now, maybe this kind of space, given its location, and parking and everything else, isn't compatible. I don't know.

MR. THIEMANN: Unfortunately, since it is a non-sprinklered pier, we can't store cargo type material in here, because they can't get insurance.

COMMISSIONER ROTHENBERG: I see.

MR. THIEMANN: And secondly, because of the depressed track, you can't get even a related maritime water type operation, because there is no way to use that apron.

There is only a little area about this wide to step onto. Maybe a little wider.

Now, I mentioned the railroad cars. There are also two cabooses that somebody rented space for a couple of years ago, and we are going to have those removed, because the man owes us about $400 in rent.

(Several voices at once.)

MR. THIEMANN: I don't think you would want them. But I will have before you, depending on this conversation, discussion, two other people who wish to put railroad cars in here and use them as their offices, strictly a temporary use, but again, now it appears that we will have to go to BCDC and the Planning Department for these use permits.

The Planning Department won't give a permit for any longer than a year any place on the waterfront unless there is a total design plan. I don't know when the total design plan for this area will be completed, but I am sure it is --

MR. BOBIER: Well, BCDC won't authorize changes. It is not City Planning, it is BCDC, and the total design plan for this area goes from the southern or eastern edge of North Point Pier to Pier 7, or a point half way between those.

COMMISSIONER GOLDMAN: Is this the Northeastern Waterfront Plan?

MR. BOBIER: No, it is not. This is the Bay Conservation Development Commission Bay Plan. It happens to be called the Special Area Plan for San Francisco, and you have

to develop a so-called total design plan, i.e., the exercise you are now engaged in for Pier 7 to the Bay Bridge, in order to put any commercial use in that area.

COMMISSIONER ROTHENBERG: I think we are beating this to death. The only point I was trying to raise was, we are at the mercy of the staff to tell us how best to use this, and I think all the commissioners would prefer a more uniform tenant mix if that is possible. Maybe the problem is we have the wrong kind of facility on the pier.

MR. THIEMANN: This really is what might be considered as a marginal warehouse, and we are putting people in here on strictly a month-to-month basis, and they have to provide their own fencing, their own lighting, and their own power if they need it, and it is pretty difficult to get somebody to go in there and spend several thousand dollars on a 30-day deal.

COMMISSIONER ROTHENBERG: Are the pilings underneath this pier in relatively good shape?

MR. VICKERS: Yes.

MR. THIEMANN: The apron isn't, though.

COMMISSIONER ROTHENBERG: Maybe what we should be doing is, you should be coming in and saying, since this is an excellent location, maybe what we should be doing is stripping down the shed and starting over, and building a new apron, and then the question is, what should we put on that pier.

That is a function of what kinds of demands there are for space, and how much of it is maritime, and whether it

relates, and how it relates to what we are doing on Pier 35, and that is really where we need your judgment.

What it sounds like your saying is, we have got a terrible house on a lovely lot, and the question is, we have got to decide how we use it in the best interests of the Port.

MR. THIEMANN: The reason that we started doing what we are doing, a couple of years ago it was determined that the fender -- I said the apron, but it is really the fender line that isn't in too good shape -- it was determined that the ships' water line would have to be rebuilt, at a cost of I think in excess of $100,000, or something like that, that and the apron itself together.

It was determined that, because there are several finger piers like this, or were at the time, and still are, which were not in full use, that we would remove this from the big-ship type of cargo operation, and go into a temporary use until such time as the total design plan was developed.

In other words, today this pier is returning about $70,000 a year to you, with this type of occupancy. There is some vacancy in here, which is probably another $10,000 or $15,000. So it is a question of whether you wish to do this on a strictly temporary basis. All the tenants who go to Mr. Vickers for permits, we make very, very clear to them that they are there strictly on a month-to-month deal, and if you don't wish to do this, it is a simple matter to go another way.

COMMISSIONER ROTHENBERG: I don't think that is what we are saying. What we are saying is, we need your judgment on

what we should be thinking about doing a year from now or two years from now. Maybe we have to wait for this plan to get finished.

COMMISSIONER GOLDMAN: May I comment? If it is a long-range plan, I think it is excellent, but I think there is an immediate problem which applies here and to a lot of other areas, and I have to ask, has any effort been made to approach the established real estate industry to make them aware of this available space for use? If so, when?

MR. THIEMANN: No, no specific approach, but I talk to real estate people on a daily basis. I have real estate people call me, what do you have available, do you have this available or that available. So there are many real estate companies who are aware that we do have this marginal space available.

COMMISSIONER GOLDMAN: But you know, Harry, a lot of them have complained that we have not made a positive move toward them in order to encourage their placing potential tenants on Port property.

COMMISSIONER ROTHENBERG: I don't think this kind of space is what they are talking about.

MR. BOBIER: To carry your analogy one step further, the neighborhood has to be zoned. It hasn't been zoned yet.

COMMISSIONER ROTHENBERG: The question is, how long do we have to wait for someone else to tell us what they would like to see us do there before we can decide, before you do it?

MR. DAVID: Mr. Rothenberg, in the next year, early

next year sometime, we are going to have to face the issue of the decision as to what we are going to do about a passenger terminal. If indeed the decision is to remain at Pier 35, obviously 33 could be vital to that decision.

COMMISSIONER ROTHENBERG: That is why I want to get us geared toward eventually resolving these issues, and not just discussing them.

COMMISSIONER GOLDMAN: Well, I certainly agree with Mr. David, that the Pier 35 issue is the critical one, because Pier 33 is an adjunct to it, and if we were to have Pier 35 develop as it might be, obviously it will have its effect on the value of Pier 33. But we really are still at grip with that, and I think we have to act on that very soon.

COMMISSIONER MORRISON: May we move on?

MR. THIEMANN: Well, may I ask you advice to me? Do you wish me to continue to rent in this manner, and have people go to BCDC and the Planning Commission for special use permits?

COMMISSIONER BRIDGES: Why do they have to go to those other agencies, Harry? To determine whether this is maritime use or not?

MR. THIEMANN: Yes, sir. If it is not maritime use they don't have to go.

I didn't mean yes to your specific question, but yes, they have to go to BCDC for a special permit, and the Planning Commission, if it is not maritime.

COMMISSIONER BRIDGES: It is news to me that either of those agencies take away from the Port Commission the

decision, the determination as to what is or what is not maritime use. That is my point. I checked into that some time ago, and they don't have that authority.

MR. THIEMANN: Well, we decide what is maritime, but those agencies have a different interpretation of what is maritime.

COMMISSIONER BRIDGES: I know, I know. But the point I am making, it is up to us to decide what is maritime.

MR. THIEMANN: It was made clear to us the other day that the Planning Commission does not consider a marina maritime.

PRESIDENT RUDDEN: May I have a motion on this matter?

MR. TAORMINA: There is no action required.

MR. ROTHENBERG: I don't think that is right. Mr. Thiemann wants some guidance.

MR. THIEMANN: That is 33, and what I want you to tell me is, do you wish me to continue in the same manner.

COMMISSIONER BRIDGES: Because the place is rented. We are making money on it, and if we don't want it to continue in the same way, we ought to come up with a better idea.

PRESIDENT RUDDEN: Until we have another plan, I would say that would be it.

COMMISSIONER GOLDMAN: The answer is yes.

MR. THIEMANN: Thank you.

MR. HUNTSMAN: Item 7.5, to approve World Trade Center 30-day leases numbers L9764, L9765, L9766, L9767, L9768, L9771, L9772 and L9773. The staff recommends approval.

COMMISSIONER BRIDGES: So move.

COMMISSIONER GOLDMAN: Question. When you have a retail customer, do we apply a percentage to --

MR. THIEMANN: If they are selling, yes.

COMMISSIONER GOLDMAN: What about Roddy?

MR. THIEMANN: Well, Roddy is leaving us. He is moving up to the Stanley Building or some place.

COMMISSIONER GOLDMAN: Well, that is a good location there.

MR. THIEMANN: Actually, the man with the Conference Room next door has approached me to expand into that. I haven't reached a point yet where I can talk to Mr. David about it, but there is some question of whether you would want such an expansion in that area.

COMMISSIONER GOLDMAN: Actually, I think we should take the Conference Room and make it part of the retail facility, if it opens up, and if you want to get an income from it. If you just want to fill it up, that is another matter.

MR. THIEMANN: Well, we have been receiving, as I recall, about 10 or 15 cents more from Mr. Roddy, and we certainly can get 10 or 15 cents more than ground floor space for that room. I will be back to you.

COMMISSIONER ROTHENBERG: Can I ask a corollary question? I belabor this, maybe, but at the last meeting we talked about Mr. Ciampi's progress in terms of helping us come up with a design plan for the Ferry Building, and it relates to the question someone just asked about where we stand on the design plan.

I just wanted to know if Mr. Vickers could give us some insight to the timing of when we might see something on a piece of paper.

MR. VICKERS: Ed, do you want to talk to that?

MR. DAVID: I have met with Mr. Ciampi and with Mr. Vickers. Mr. Ciampi's contract calls for three phases, and it indicates that he is not to have his final report until the 15th of April, 1978.

COMMISSIONER ROTHENBERG: But Phase I required him to give us a plan for the Ferry Building.

COMMISSIONER GOLDMAN: And each of the phases depended on the other.

COMMISSIONER ROTHENBERG: He had to finish Phase I and have it approved before he could start Phase II.

COMMISSIONER GOLDMAN: Right.

MR. VICKERS: I wrote that contract. Phase I is to get the comments from the other agencies. Phase II is the plan.

COMMISSIONER ROTHENBERG: No. Phase I was to come up with general renderings. I think Phase II or III was when he got permits.

What we wanted out of him first was that we all agreed with where he was going before he asked anybody if that is what he could do.

COMMISSIONER GOLDMAN: I think you ought to read the minutes on that. It was a very clear statement.

MR. VICKERS: I have the contract, too.

MR. DAVID: We have had one meeting with him. We

are having another one tomorrow afternoon, and we have insisted that he have a report for the Commission for the first meeting in January.

COMMISSIONER ROTHENBERG: Well, I love his reports, but I would like something on a piece of paper that we can use as part of a marketing plan to decide what we are going to do with the building.

I understand that, Ed. But the problem is, he is a brilliant man, and he has got a lot of good ideas, but we can't market what is in his head. We need something down on a piece of paper so that we can show other people what the Ferry Building might look like if we fixed it up properly.

That is all I care about, that single piece of paper, or several sheets of paper, to help give us some judgment, because otherwise we can't talk to anybody, either as a tenant or a potential external developer, about what our demands are in terms of restoring the building properly, because we don't have any idea of what it is we want it to look like some day.

MR. DAVID: Well, I would agree with this written report, that if we do not have a written report by January we certainly can't let this thing go on --

COMMISSIONER ROTHENBERG: What I want out of the guy are some renderings. We paid a lot of money, and he is a great visionary, but I am more worried about the Ferry Building than I am about the waterfront, and what he wants to do is the whole waterfront.

COMMISSIONER GOLDMAN: I have a feeling that we are

going to stop at Phase I, based on the development since that time, and I want to be sure that we have that information to evaluate, and then consider Phases II and III subsequently, and not have the staff assume that we are committing ourselves to that.

I am also troubled by some correspondence I saw that took place in the last couple of months, which I presume has been corrected, where the former Port Director and Mr. Ciampi had entered into some sort of an agreement which had never come before this Commission, or been involved with other people, and I think some of us have spoken to it, but I hope that that has all been resolved formally, so that there is no misunderstanding.

MR. DAVID: We will have the full report of Phase I in January.

COMMISSIONER GOLDMAN: I would also like to be sure that any agreement that he thinks he entered into --

COMMISSIONER ROTHENBERG: I think he made it very clear at the last meeting that he didn't think he had entered into any agreement.

PRESIDENT RUDDEN: Okay. Let's go on.

MR. HUNTSMAN: Item 7.6, consideration of a lease at Pier 9 with Western-Willamette Company.

COMMISSIONER GOLDMAN: It says Willamette Western.

MR. THIEMANN: It is Willamette-Western.

(Discussion off the record concerning proper name of the company in question. It was determined after the meeting to be Willamette-Western.)

MR. THIEMANN: This is a tugboat company who purchased the Murphy Tugboat Company, who had been in Pier 9 for the past, off the top of my head, three or four years. They are a competitor of Crowley Maritime and other tugboat companies in the Bay, and they have asked for a lease under the same terms and conditions as Crowley Maritime on Pier 9.

They would continue to occupy the office they are presently in. They would take on the apron space on the north side of the pier that extends from the Crowley Maritime lease to the front of the pier.

They have bulkhead space between Piers 9 and 15, and they would also have berthing privileges.

I have sent you an explanation of the details of the proposal, and I would like to recommend approval.

COMMISSIONER GOLDMAN: Question. How many tugboats will they have moored here?

MR. THIEMANN: I am guessing at this, because it varies, but I am sure they have at least four boats in the Bay most of the time.

COMMISSIONER GOLDMAN: How many does Crowley have?

MR. THIEMANN: Oh, Crowley, well, if you go through his whole organization, he has got hundreds.

COMMISSIONER GOLDMAN: The point is, why should they be entitled to the same lease as Crowley?

MR. THIEMANN: Well, it isn't the same lease. It is the same lease form. The rent that I am charging for the office space is 30 cents a square foot a month. Crowley built his own offices.

COMMISSIONER GOLDMAN: I don't want to go into that now. I am asking a general question.

MR. THIEMANN: In other words, what I am saying is, they are asking for a lease, the space on the pier, for the same term that Crowley has, under the same conditions of being able to operate a tugboat company.

COMMISSIONER GOLDMAN: The reason I am questioning it is that recently I took a little tour of some of the piers down here, and I am glad to hear that Shaver is moving out, because when I saw the equipment that was moored there, it was antiquated, and evidently not used. This never came before the Commission when we granted them a lease.

Now, these people are asking for 15 years. I don't know.

MR. THIEMANN: They have beautiful equipment. You go down and look at them.

COMMISSIONER GOLDMAN: I assumed that Shaver did, too, and found that it really wasn't so. If you tell me so, that is okay.

MR. THIEMANN: I am an ex-tugboat man, and I don't agree with your analysis of their equipment. They had pretty good equipment.

COMMISSIONER GOLDMAN: Shaver?

MR. THIEMANN: Yes, sir

COMMISSIONER ROTHENBERG: I am just asking whether the rent is adequate. Was this the old rent?

MR. THIEMANN: No, no. The old rent was $300-some a month.

COMMISSIONER ROTHENBERG: For the same amount of space?

MR. THIEMANN: No, this didn't include the apron space.

COMMISSIONER ROTHENBERG: Is this rent adequate? Somehow it seems that they are ending up with about 1,100 square feet. Maybe it's my old sense of worrying about office space, but that just seems -- I realize most of the space is fairly cheap space.

MR. THIEMANN: It is open outside space, except for the office.

COMMISSIONER ROTHENBERG: Because the only way we get to adjust it after this is with the CPI. Right?

MR. THIEMANN: Yes, sir.

I might add --

COMMISSIONER ROTHENBERG: They don't get a percentage type lease?

MR. THIEMANN: No. That's all, But in my opinion this is more than I could get for the same space for a similar type of operation.

COMMISSIONER ROTHENBERG: I think we want to encourage this kind of use. I just want to make sure that, since we are locked into this base for the next 15 years, that we are starting the game off on an excellent basis.

MR. THIEMANN: I think we are.

COMMISSIONER GOLDMAN: My question then is, is this going to be the longest lease on that pier?

MR. THIEMANN: It will be now. They will extend a

year or two beyond Crowley.

COMMISSIONER GOLDMAN: The problem we are running into again is the question of longevity that we ought to take into consideration. Why can't we tie it in with the length of Crowley lease?

COMMISSIONER ROTHENBERG: We have the rights under this contract to take over the bulk space.

MR. THIEMANN: The bulkhead.

COMMISSIONER ROTHENBERG: If we want it. It is just the apron essentially that they are going to keep.

COMMISSIONER GOLDMAN: Why don't we tie it in with the length of the Crowley lease?

MR. THIEMANN: If the Commission wishes to do that, I don't think this company would object. I think that would give them about a thirteen or a thirteen- and-a-half-year lease.

COMMISSIONER GOLDMAN: If Crowley pulled out at the end of 13, and they are there for two more, and they have all that space, I think it makes sense to tie it to the Crowley lease.

COMMISSIONER MORRISON: I move that we do that.

COMMISSIONER ROTHENBERG: I'll second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; noes - none.)

MR. HUNTSMAN: Item 7.7, to approve Resolution 77-18 pertaining to parking meters on Port property. A copy of that resolution is in your backup material, and it has to

do with the amendment to the Harbor Traffic Code on parking meters and parking-limited areas.

COMMISSIONER MORRISON: Move approval.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye; ayes - none.)

MR. HUNTSMAN: Mr. Rudden, that is the end of the items on the agenda for today.

COMMISSIONER ROTHENBERG: Mr. Chairman, I have got one small announcement to make.

The Fire Department each year has their Toys for Tots campaign, where people who have old toys or anything they would like to give away for the help of children who are less fortunate take them to the various fire stations around the City.

This year, as in the past, we are making the fireboat station at Pier 22½ available for that purpose, so for anybody that hasn't had the opportunity to wander down to that part of the waterfront, they might enjoy taking their kids down to see the old fire house.

COMMISSIONER MORRISON: Mr. President, to follow up on the announcement that Mr. Herren made earlier about the budget, I would ask, if it is agreeble to you, Mr. President and commissioners, that the staff set up a schedule for Commission review of the budget, so we can have a thoroughgoing look at it before you send it off.

MR. HERREN: Would you like to see it twice before it leaves? Then I can pretty well time it. It should be

available by the 10th of January.

COMMISSIONER MORRISON: Well, my guess is it will take us two meetings, but I don't know.

(Whereupon the meeting adjourned at 12:45 p.m.)

SAN FRANCISCO PORT COMMISSION

REGULAR MEETING

December 28, 1977

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COMMISSIONERS PRESENT:

James J. Rudden, President

Harry Bridges

Richard N. Goldman

Alan E. Rothenberg

COMMISSIONERS ABSENT:

Jack Morrison

ALSO PRESENT:

Edward L. David, Port Director

James E. Huntsman, Administrative Services Officer

Wilbur F. Pelaux, Assistant Chief Engineer

Anthony J. Taormina, Deputy Port Director

Harry J. Thiemann, Commercial Property Manager

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P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order.

MR. HUNTSMAN: Good morning, Mr. President.

May we have the approval of the minutes of December 14, 1977, which were sent to each commissioner under cover?

COMMISSIONER GOLDMAN: So move.

COMMISSIONER ROTHENBERG: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Rothenberg and Rudden - aye; Commissioner Morrison - absent.)

MR. HUNTSMAN: Item No. 3, a report by the Port Director, Mr. David.

MR. DAVID: Mr. President, I wanted to call your attention to the fact that we have to have our budget submitted to the Mayor's Office by the end of January, and I am suggesting that you have a special meeting to go over the budget on the 18th of January, which is a Wednesday, or any date that suits your pleasure.

PRESIDENT RUDDEN: What is the date it has to be there?

MR. TAORMINA: We figure we have to have final approval by the Commission by the January 25 meeting and submit it to the Mayor's Office on January 31.

COMMISSIONER GOLDMAN: What day is the 18th?

MR. TAORMINA: It would be the Wednesday between the two regularly-scheduled meetings.

COMMISSIONER BRIDGES: I don't say hold it up, but I won't be here. I have got a date in Washington the 16th, to be there all week. I deliberately put it in that week because it is in between meetings, so I am sunk right now. I can't change it. I just talked to them again yesterday. I have got an appearance before the Smithsonian Institute. A lot of people have been notified, and I can't skip it now. That is for the 16th, Monday the 16th.

MR. DAVID: Mr. President, I suggested a special meeting for the budget because I can tell you in advance your calendar for the 11th of January is going to be quite extensive without the budget.

COMMISSIONER BRIDGES: Plenty of time at night.

PRESIDENT RUDDEN: Why don't we tentatively set it at the 18th, and if it can be moved to a time when Commissioner Bridges can be here and it is agreeable to the other commissioners, we will hold it then.

COMMISSIONER BRIDGES: When does it have to be before the Board, Ed?

MR. DAVID: It has to be in the Mayor's Office by the end of January.

PRESIDENT RUDDEN: When will you be back, Harry?

COMMISSIONER BRIDGES: I'll be back the 22nd. The travel is back on the 22nd, so I won't be on deck until the 23rd.

COMMISSIONER GOLDMAN: The only question, Mr. Chairman, is that if we have any problems with the budget we have to have a little time to rectify them. If we

let it go until the 24th we are putting ourselves under a lot of pressure.

COMMISSIONER BRIDGES: Is it too tough to do it before that week of the 16th, Ed?

MR. TAORMINA: The budget will be finalized around January 10, so any time after the 10th we would probably be able to present it to the Commission.

PRESIDENT RUDDEN: Well, I don't see anything wrong with our having a meeting in that week. We can have our regular meeting, and then have another meeting, a budget meeting.

MR. DAVID: Well, we will report to you on the 11th, your regular meeting, on the status of the budget, and then perhaps we can set up a date then.

COMMISSIONER BRIDGES: Any time except the week of the 16th I will be available.

COMMISSIONER GOLDMAN: Question. Do we have audit information at hand about last year's operations to relate to this?

MR. DAVID: You will by then.

MR. TAORMINA: Perhaps.

COMMISSIONER GOLDMAN: So we can have some means of identifying in relation to the new budget.

MR. TAORMINA: We are in the process of the audit now. We are tentatively, barring no unforeseen problems in the last schedules to be audited, we should have the audit out around January 10 likewise, but that could move later. We are hoping to have the audit information by then.

PRESIDENT RUDDEN: Okay.

MR. DAVID: The only other thing that I wanted to report is, I have a meeting on Friday afternoon with Chief Casper and Supervisor Molinari to discuss the fireboat.

The Supervisor is suggesting that we should have the full cost of the boat again in our budget. As you know, Mr. President, we have been through this for five or ten years. Last year we had $475,000 in the budget. The full cost of the boat would be close to $1,000,000.

I only wanted to indicate to you that I have this meeting, and assume the position of the Port Commission is still the same, that we cannot afford to pay the total cost of the boat.

COMMISSIONER GOLDMAN: Mr. Chairman, I would like to first of all find out what it is that motivates the Supervisor to want to transfer that full cost to the Port. Do we have any information in regard to that?

MR. DAVID: The only information I have is he doesn't want this on the ad valorem tax.

COMMISSIONER GOLDMAN: We don't have to have the boat, either. That would be the thought I would like to propound, but I couldn't get away with it.

MR. TAORMINA: They had a hearing in front of the Finance Committee which recommended the resolution to the full Board, which I appeared before, and Supervisor Molinari's position at that time was that the only reason we have a fireboat is because we have a port, and therefore the Port should pay the entire ad valorem cost. He felt strongly about

that when the budget was presented last year, but found himself in a situation where he couldn't do anything about it because the budgets were already approved, so he has requested this action to be taken prior to the budget meeting and submitted, so that each of the commissions are aware of his position prior to their adopting the budget.

COMMISSIONER GOLDMAN: Well, Mr. Chairman, I know that we spent considerable time early this year on the subject, and the minutes are pretty well filled with debate on this subject and our stand, and I think we simply have to -- all we can do is relate to that which we determined, and I don't think there should be any -- unless there is a feeling on this Commission to change, I think we have to arm Ed with the data to proceed, and I think it is all in the record.

PRESIDENT RUDDEN: Well, I think they know our position pretty well, and I hope in the meeting that Ed will have with them it will be clarified and brought back to where it was last year. At any rate, there is nothing you can do about it now.

COMMISSIONER GOLDMAN: I have one other question regarding that, and I see a representative of the Department is here. We did vote in that cost of the new fireboat, I think some $3,000,000. What is the status of that?

LT. DIXSON: I haven't determined that at this time. I haven't talked with Chief Casper regarding this meeting that I know is coming up. I had hoped that it would be discussed at that time, but I am not aware of what the final

determination is.

MR. TAORMINA: I spoke with Chief Casper about that new boat, and they are in a process now of determining need and trying to decide the type of boat that would be required, and it would probably not be until fiscal year '79 that the new boat came on line.

COMMISSIONER GOLDMAN: When did we vote that in?

MR. DAVID: Last November.

COMMISSIONER GOLDMAN: And I was under the impression long before in deliberations in these Commission meetings, presented by the Chief, I believe, that they knew what they were going to buy. It was just a matter of voting the money. Now they are examining it.

MR. TAORMINA: They know the type of equipment, and it will be fully-automated type of equipment, but there are a lot of various fireboats on the market. You have to insure that you can get one that can go in the Bay and can meet the needs of the Fire Department, so the time that they are using now is basically towards that end.

COMMISSIONER BRIDGES: Are they talking about building one or buying one?

MR. TAORMINA: As I understand, they would be looking to be buying one as opposed to building one, but they have to make sure the specifications of that one, you know, there are boats designed for lakes and various types of operations.

COMMISSIONER GOLDMAN: I am really surprised. I thought they had their finger on what it was they were going

to buy, and it was only a matter of voting in the money, so that that had been done.

But this delay really adds to our problem, and the reason I raise this question is that one of the conditions of voting the new fireboat was to reduce the cost measurably of the maintenance and operation of it. Here we have got an old tug out there now, and it is costing us an incredible amount of money, and I was under the impression it was going to cut that cost considerably, which has an effect on us if we have to bear at least 50 percent of the cost, which is close to a half a million dollars a year, and probably will be.

PRESIDENT RUDDEN: Well, we have to cross the bridge when we come to it.

COMMISSIONER GOLDMAN: I would like the burden to be on the Fire Department, not on the Port.

MR. DAVID: The only other thing I want to report is, as you know, we entered into a lease some time ago with PG&E to handle oil at the Pier 70-72 complex, and today we have our first barge in.

COMMISSIONER GOLDMAN: Good.

MR. HUNTSMAN: Item No. 4, report on finance and administration.

MR. TAORMINA: Mr. David has covered that, regarding the budget.

MR. HUNTSMAN: Item No. 5, consent calendar. There is but one item on the consent calendar, No. 5.a, approval of Contract No. 2469, Paganini Electric Company, acceptance of the work at Mission Creek Harbor, and approval of final

payment.

COMMISSIONER GOLDMAN: So move.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Rothenberg and Rudden - aye; Commissioner Morrison - absent.)

MR. HUNTSMAN: The next item, under new business, Item No. 6, from the Engineering Department, Pier 48, Contract 2481, door height modifications, approval of the plans and specifications and authority to solicit bids. The staff recommends approval.

COMMISSIONER BRIDGES: So move.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Rothenberg and Rudden - aye; Commissioner Morrison - absent.)

MR. HUNTSMAN: Item No. 7, report on --

COMMISSIONER GOLDMAN: One question on Item 6. It hasn't anything to do with the issue itself, but do we have any idea when the Crown Zellerbach Corporation is going to take occupancy of Pier 48?

MR. DAVID: What has happened is this. They want all the improvements in first. However, we reached an agreement where their rent at Pier 48 was to be approximately $6,000 a month, versus the $1,500 a month at Pier 45. They will start paying the full rent as of January 1.

COMMISSIONER GOLDMAN: Whether they are in or not?

MR. DAVID: Whether they are in or not, our income will be the same as though they were at Pier 48.

COMMISSIONER GOLDMAN: Do you have any idea when

they will go in?

MR. DAVID: About February 1.

COMMISSIONER BRIDGES: We don't have much alternative, do we, Ed? We kicked them down there.

MR. DAVID: We mutually agreed to move.

COMMISSIONER BRIDGES: Sure. We also agreed to make the place habitable, to overcome their objections, along with the increased rent.

I move approval, Mr. Chairman.

PRESIDENT RUDDEN: It is approved.

MR. HUNTSMAN: Item No. 7 is a report on the Fisherman's Wharf project, and 7.a, which is a request for approval of Resolution 77-19, and a request for approval for construction of a temporary timber pile breakwater, and 7.c, request approval of Resolution 77-20. These two resolutions are in your backup material, and also the request for construction of the timber pile is in your backup material.

MR. TAORMINA: Mr. President, members of the Commission, since they are all related, I think perhaps you can just vote on the thing as a whole.

I am passing out a diagram of the Fisherman's Wharf improvements, which we have been basically working on for over a year or so.

Resolution 77-19 is a resolution in which we are asking the Secretary of the Army to advance engineering and design funds to the San Francisco District Office of the Corps of Engineers for the Fisherman's Wharf breakwater.

This is just a routine matter, a part of the general

review of the Corps of Engineers. We have been provided a schedule by the Corps. We were hoping that the breakwater would have gone to the Secretary of the Army in October, but due to delays at EPA and Regional Water in getting their comments, we have now kind of lost a couple of months, and we are now into January when we feel the project will go to the Secretary of the Army.

Once the project goes there, the Secretary, on his own discretion, has funds available to advance prior to congressional authorization for the engineering and design. The District Corps estimates that engineering and design will take about 18 months to do.

We feel that the project is important enough to San Francisco that we put as much pressure on the Secretary of the Army and the Administration to advance these funds prior to congressional authorization, so that we may be able to at least cut six months to a year's time off the beginning of construction, so we are requesting your approval on that resolution.

Now, secondly, we are requesting your approval for the construction of a timber pile breakwater in the Fisherman's Wharf lagoon.

If you remember back when we did the feasibility study with Williams-Kuebelbeck, it was considered at that time that the sailing ship "Champigny" could serve this purpose. However, the "Champigny" is no longer intact. It is not coming to San Francisco. It has been dismantled, and so we are falling back to the second alternative that was

basically recommended by your consultants and the Engineering Department in the feasibility study, and that is for the construction of an approximately 300-linear-foot temporary timber breakwater.

This breakwater will basically cut down the wind and wave action which has occurred inside the inner lagoon. Now, we will be doing this work with our own pile crew. We have a diagram here that shows where in fact the breakwater will be constructed. It will be coming off of the rock breakwater which is presently in the Fisherman's Wharf lagoon.

This will particularly help and assist the fish processing tenants who are on Pier 47 and who are in the Fish Alley, who are now receiving a considerable amount of damage due to wave and surge in the area.

We have met with these people. They all agree that this is necessary, and part of the cost, which I think we estimated at around $85,000, part of that cost really is a double count. We are removing the piles from Pier 14 with the federal money, and we will basically be using those piles down in the Fisherman's Wharf lagoon, so in fact that portion of that cost is already being borne by the Federal Government.

The only cost we really will have is having our pile crew down there. They have been scheduled to be down there for other activities, so it is consistent with our overall plan of maintenance, so their time and effort actually is estimated around $45,000, which is basically budgeted for in our '77-'78 budget.

COMMISSIONER GOLDMAN: May I ask a couple of questions about that before you continue?

Exactly what is a timber breakwater? Are the piles sunk or are they just stretched out and tied together?

MR. PELEAUX: They are driven into the firm bottom of the Bay.

COMMISSIONER GOLDMAN: In other words, you are going to drive piles immediately adjacent to one another for 300 feet? Is that what it is?

MR. PELEAUX: Yes.

COMMISSIONER GOLDMAN: How many piles are you going to drive?

MR. PELEAUX: About 300, approximately 300 piles. They are two-foot centers alternately spaced in two rows.

COMMISSIONER GOLDMAN: You say that is temporary. What does temporary mean in this case?

MR. PELEAUX: Until the federal breakwater gets built.

COMMISSIONER GOLDMAN: How long could this be able to serve?

MR. PELEAUX: Twenty to 25 years. If they are good creosoted piles they can serve that long.

COMMISSIONER GOLDMAN: How long have we been debating this breakwater?

MR. TAORMINA: The breakwater has been in the hands of the Federal Government for 12 years.

COMMISSIONER GOLDMAN: It is kind of difficult for me. All of a sudden today we find that we can drive 300

piles for $85,000, on a subject which has been under debate for 12 years.

MR. TAORMINA: I don't want you to confuse the fact that this temporary breakwater will do the exact same thing that our permanent breakwater will do. The temporary breakwater is going to break the surge basically into 47 and in the Fisherman's Wharf lagoon. It will break it down about 25 percent.

MR. PELEAUX: Approximately 25 percent.

MR. TAORMINA: The federal breakwater is going to protect the entire lagoon, which will allow us to construct berths for commercial fishing boats out here in the lagoon, and allow us to increase the amount of berths by about 200. So this only is protecting what we have there now. The federal project is to expand upon what we have there and actually to break the surge even further down than what this temporary breakwater will do. It is not going to serve the same purpose as the federal breakwater.

COMMISSIONER ROTHENBERG: This will be torn out when the new --

MR. TAORMINA: This will be torn out when the new federal breakwater comes in.

COMMISSIONER ROTHENBERG: How many years of service are we going to get for the dollars?

MR. TAORMINA: If you follow the Corps' schedule, I would have to say it may be four or five years off before the final Corps of Engineers breakwater is completed. We are hoping to move that up to three or four years, but there

is still 18 months of engineering design, and then, once that has been completed, then you have got to get congressional authorization and appropriation before the breakwater can go in, so I would say it would probably be there in four years.

COMMISSIONER ROTHENBERG: Are we talking about $45,000 or $85,000?

MR. TAORMINA: We are really talking about the cost of our labor of about $45,000.

COMMISSIONER ROTHENBERG: What does the other $40,000 represent?

MR. TAORMINA: The other $40,000 represents the cost of removing the piles from Pier 14, which is not a cost borne by the Port, but basically by our EDA LPW grant.

COMMISSIONER GOLDMAN: You mean the money is provided by --

MR. TAORMINA: -- the Federal Government.

COMMISSIONER GOLDMAN: My question now comes to the permanent breakwater. As I recall, the cost of the permanent breakwater should be something like $16,000,000, and the Port of San Francisco had to contribute a percentage of that.

MR. TAORMINA: I have here a letter from the Department of the Army, and they estimate the first cost at $9,400,000, and that is at 1975 price levels. I think the $16,000,000 you are referring to is a much larger program.

COMMISSIONER GOLDMAN: What portion of that $9,000,000 --

MR. TAORMINA: There is a local share of approximately $2,000,000.

COMMISSIONER GOLDMAN: Have we set that money aside for this?

MR. TAORMINA: We have money set aside in our capital improvements program for the Fisherman's Wharf project, general obligation bonds.

COMMISSIONER GOLDMAN: And then I also recall in the North Point Pier development they are building a breakwater at a considerably lower cost than the Corps of Engineers.

MR. TAORMINA: They are building a floating breakwater, yes.

MR. PELEAUX: Also a permanent breakwater, a permanent timber breakwater.

COMMISSIONER GOLDMAN: I have always had trouble with the fact that I think that Mr. Simmons indicated he could build a comparable breakwater for about 10 percent of the Corps of Engineers. Is that possible?

MR. TAORMINA: I don't believe so.

MR. PELEAUX: No. He can't accomplish the same thing with his breakwater that the Corps of Engineers breakwater will accomplish. His breakwater will approximately eliminate maybe 50 percent to 60 percent of the waves.

COMMISSIONER GOLDMAN: But the purpose of putting in that breakwater is to protect the ships within the small boat harbor. What is the purpose of the other breakwater?

MR. PELEAUX: The federal breakwater?

COMMISSIONER GOLDMAN: The same thing. In other words, maybe controlling 50 percent of the surge is adequate. I don't know. We will have a chance to see that pretty soon,

because --

MR. TAORMINA: The Corps of Engineers has done an extensive study on the surge wave actions in the Fisherman's Wharf lagoon. Of course, they are the ones given the national responsibility for instituting breakwaters in navigational areas.

Based on their report, their wave action, they feel that this area warrants this type of breakwater, and after 12 years, and the City supporting it, we really feel that it is in our best interest to proceed and, now that we are almost to the point of completion, to get this federal breakwater in as fast as we can.

COMMISSIONER GOLDMAN: What bothers me is, maybe there has been a new dimension introduced here that would be adequate. The Corps of Engineers has had the same plan in effect for a long while. If the Federal Government feels that that kind of money is properly expended, fine, but when we speak of $2,000,000 that this Port has to contribute, that changes the concept a bit to me.

I am just wondering if we have a full input of alternative ways. I have to give Simmons credit for being responsible to the ships that will be within his jurisdiction.

MR. TAORMINA: When the Corps goes into final engineering design, they are not totally wedded to what they have presented. There is the issue of alternatives that can be raised, and I know our Chief Engineer is hoping that they get in there fairly soon so they can talk with the Corps about some of the general alternatives.

COMMISSIONER GOLDMAN: Because if we are going to spend the money to put in this 300-foot portion of it, and if it does an effective job, I don't know who determines whether it is 25, 50 or 100 percent effective, in advance.

Let's say it could do an effective job. After all, if you can sink timbers into the mud and they are up against one another, that would seem to be a pretty good protective barrier.

MR. TAORMINA: Again, I draw your attention to the plan before you. The small timber breakwater will be coming out here, off of Pier 47, so you note there are the 200 berths that we are putting in off the new Hyde Street Pier in conjunction with the Pier 45 are all outside that little temporary breakwater, so it would serve no purpose with respect to what we are planning to do at Fisherman's Wharf. It is only merely to protect Pier 47. In the next number of years, if you have a fish handler right there at the tip, if you do not have some form of protection he cannot unload, and then to protect the Fish Alley fish handlers.

Again, I don't want it thought that the temporary timber breakwater will in fact be able to serve what the Corps of Engineers breakwater will in fact do.

COMMISSIONER GOLDMAN: Well, maybe I misunderstand something here. We are talking about 300 feet at the moment. What would be the total footage of the Corps of Engineers breakwater?

MR. TAORMINA: Do you know? It is a lot longer --

MR. ROBERT MEYERS: It is close to 3,000 feet.

MR. TAORMINA: I don't have it offhand, but, as I say, their plan extends from the Hyde Street Pier.

COMMISSIONER GOLDMAN: That I can understand, but if it is ten times the amount that we are putting in, and ten times the cost, it would keep it in some kind of major operable bounds.

COMMISSIONER ROTHENBERG: The Federal Government has this suggestion program with payment of a reward for saving them money. Maybe we should have some of our engineering staff figure out if we could save them a lot of money doing the wood structure, and you send in the suggestion.

MR. ALLEN MITCHELL: My name is Allen Mitchell, and I am a resident of San Francisco.

In this 300-foot breakwater you mentioned a couple of hundred small boats to be installed in there, of some sort. My question is, what is the business ramifications of this. The fishmonger there, or fish business there, what income is going to come into the City in terms of putting up $2,000,000?

MR. TAORMINA: There has been an economic study done with respect to the federal project, and they feel that, with the additional landing of fish, it is part of the City's overall economic development plan to create 100 to 150 new jobs in San Francisco at Pier 45 from fish handling.

The economic return, the cost-benefit ratios done by the Corps of Engineers, all show that the project will indeed have a positive effect upon the City, not only from an economic point of view but from a recreational and from

an aesthetic point of view.

Just to complete Item 7, the bottom resolution, 77-20, is a resolution of the Commission requesting that the staff request of the Mayor to apply for a new program, an Urban Development Action Grant program which is becoming available this year. It is a new program established by the Congress. There has been about $400,000,000 appropriated for the nation for local governments. It is basically tied to economic development.

Our previous plan done by Williams-Kuebelbeck said that about $1,000,000 would be needed to refurbish Pier 45, and that $1,000,000 could come from the Economic Development Administration, EDA. I have some preliminary discussions with the Mayor's Office. We feel we may be able to move up our improvements at Pier 45 by utilizing this Urban Development Action Grant fund, and we need a resolution from the Commission to put in an application with the Mayor's Office for use of UDAG funds for onshore facility improvements at Pier 45.

Again, our Engineering Department has been doing some preliminary work on what these improvements could be. We have a very general plan laid out here, which would be the basis of our application. It includes setting aside space for ice house operations, cold storage, for installation of pneumatic offloaders, which are the more modern way of handling unloading of fish and for various fish operations at Pier 45.

COMMISSIONER ROTHENBERG: How come on this we

suddenly also have a passenger terminal?

MR. TAORMINA: No. That was just basically, we were concentrating on the Shed B and D side. We looked at Shed A and C and said, with Crown Zellerbach moving out, what could happen, and somebody draw a couple of passenger ships and wrote "Passenger Terminal", but it not part of the plan.

PRESIDENT RUDDEN: Do I have a motion on both 77-19 and 77-20?

COMMISSIONER BRIDGES: Tony, all these improvements are just for this whole fish-handling project?

MR. TAORMINA: For the fish-handling project, yes, sir.

COMMISSIONER BRIDGES: Do we get anything out of that at all?

MR. TAORMINA: We feel that we would be able to attract new business into San Francisco, get new processors here in San Francisco, new jobs.

COMMISSIONER BRIDGES: What sort?

MR. TAORMINA: Mainly what they would be is fish handlers, as opposed to actual canning operations. We have received contacts from people who -- for instance, albacore. Currently there is no real facility in San Francisco for landing albacore. Some of the large -- Starkist, Castle & Cooke would like to land albacore in San Francisco and then they would truck it out of San Francisco to their processing plants.

In fact, Pier 45 would be actually handling it, as

opposed to the more or less canning operations, which are more or less related to fish processing, so we have kind of held it down to fish handling.

But we do feel it could create about 100 to 150 new jobs in San Francisco. The type of return that we would get, as a Port, on the rent really is based upon the availability of federal money. In other words, if we can in fact put in large amounts of federal money, the $1,000,000, $2,000,000, with UDAG and EDA, like Oakland, like Eureka and other areas that have utilized this, this would be money that the fish processors would not really have to amortize back off, so therefore the rents would be at least commensurate within the industry, and one that they could in fact afford to pay.

COMMISSIONER BRIDGES: That adds up, first of all, we have gotten Zellerbach out of there, and now our whole purpose behind this is to get fish processing in there.

MR. TAORMINA: On the other side, yes.

COMMISSIONER BRIDGES: And we have to subsidize them. Now, we won't get the same income from the fish group. Therefor, in a sense, the Port has to subsidize those. Right?

MR. TAORMINA: Well, I don't believe the Port would in fact be subsidizing the fish handlers. We would basically be making the types of improvements they are making in other areas that would allow these types of industries to come in.

But again, with respect to Crown Zellerbach's income in relationship to what we would get --

MR. DAVID: They have not been on that side of the pier.

COMMISSIONER GOLDMAN: I would like to pursue the point you are raising, Harry. Excuse me. Are you finished? When you are through, I have a question.

COMMISSIONER BRIDGES: I am thinking that we are changing the whole structure there at Pier 45. Okay, we are going to get some federal money, we hope, you see, and the whole idea is to move and devote it to fish processing.

Now, I am thinking that right along, it seems to me, the Port will have to subsidize fish processing so they can make a go of it, except and apart from any federal money. That is the question I am raising. I don't know. I think so. That is why I raise the question.

MR. TAORMINA: I don't believe that would be the case, but I think as we put together the numbers and as we can bring together all the various facets, the federal funds available, that we would basically be doing the same thing in San Francisco that other smaller areas such as Eureka and Crescent City have done in attracting this particular industry, which is a very valuable one, to the local government, because not only the direct impact of the additional 200 boats to San Francisco --

COMMISSIONER BRIDGES: What kind of boats will these be?

MR. TAORMINA: We are designing a project which will accommodate the larger fishing vessels as opposed to the smaller ones, so that we can basically attract into

San Francisco those types of fishing boats which have been currently passing us by or not being able to find tie-up here, and these would be your larger fishing boats, and, as I mentioned, some of them would be like in the albacore areas.

Al Baccari, I notice, just walked in. He might be able to better respond to the types of boats.

COMMISSIONER BRIDGES: All right. We hope to attract, in this particular case, you say, your albacore boats.

COMMISSIONER ROTHENBERG: I don't think you are answering Harry's question. Harry's question is, in order to do whatever we do there, is the Port of San Francisco going to get any financial compensation for that, or are we going to have a reverse drain by having to invest more money in a not-commensurate rental?

COMMISSIONER BRIDGES: That's right.

MR. TAORMINA: No. I think we would feel that, once we make the improvements to the basic shell of the building, then the internal improvements will be made by the various fish handlers, and we would get a commensurate rent.

COMMISSIONER BRIDGES: These fish processors, we are going to charge them rent.

MR. DAVID: Oh, yes, sir.

COMMISSIONER BRIDGES: Of course we will. I know we will charge them some. I am just trying to find out, will we charge them enough so if they pay us we get a return on that part of the pier, or will we have to subsidize them by giving them a break on it.

MR. DAVID: No. We will get a return.

COMMISSIONER GOLDMAN: Well, specifically, what is the formula? What is the projection of the numbers?

MR. TAORMINA: We can't project the numbers until we successively finish and seek the various alternatives.

COMMISSIONER GOLDMAN: This is relating to my question, and we have found in recent times that the Port has made the unfortunate determination to build and then seek, and we spent a lot of money doing that, and we have empty facilities because of it.

I am just wondering why we can't seek and have some understanding of who will occupy --

MR. TAORMINA: Commissioner Goldman, we already have, and we already have letters from a number of industries, both in and out of San Francisco, which account for about 200,000 square feet of fish handling space. In fact, we have sought, we do have the commitments, but before I could ask Harry Thiemann to sit down and negotiate with these people,, we have to basically come up with the determination of how in fact the pier will in fact be put in a state that will allow them to move in, to pay us that return that we would want.

The way to do that, we have always assumed, is to utilize federal funds to make some of the basic improvements, including sewer, improvements for ice and those types of things, so in fact we would not have to utilize Port revenues or Port capital funds, which in fact we would then have to insure some kind of return on.

COMMISSIONER BRIDGES: Make it simple. We moved Zellerbach out of there, see, to make room for this particular operation, facility. Now, assuming that we get the federal funds to make these improvements, then there is the question of charging the fish-processing group rent for that part of the pier they are going to occupy. Will we be as well off as we were before we asked Zellerbach to move?

MR. DAVID: Mr. Bridges, in terms of Crown Zellerbach, Pier 48 became available, and our discussions with them about moving from Pier 45 to Pier 48 had really nothing to do with this project at all. It was felt that Pier 48 was the place they originally had been. It is a better facility.

COMMISSIONER BRIDGES: You are right, there, Ed, but I am just saying that they were on Pier 45, and we were getting a certain return. My question is simple. Do we gain by having the processing group there, or do we have to subsidize this group?

MR. TAORMINA: I would say that, once this project is complete, we will be getting more rental income from those two sheds, B and D, than we are currently receiving now. And as far as the question of adequacy, yes, we will insure that we get an adequate return.

COMMISSIONER GOLDMAN: I don't think the issue has anything to do with Crown Zellerbach any more. It has to do with piers that are being evidently developed for a particular use. Let's just talk about that, and not worry about what we have done in the past.

Somehow or other, it seems to me, we should be able

project what we are going to spend and what we are going to receive. As I say, I look at Pier 94, and I know that we have just completed a year since it was completed, and now we don't have a user. But we built it before we had a commitment, or rather, we determined to continue it after we lost a commitment. I think that is a bad way of doing business, and I think it is not a very healthy way of doing business here if we don't have a good handle on what use we are going to get of it.

Now, maybe these people are not accustomed to making a commitment in advance, but there is nothing wrong with having your user let you know that, once you do certain things, they are committed to use the facility.

My concern is, I don't want to have us continue to go through this business of building something in anticipation of something that does not occur.

MR. TAORMINA: We have the commitments. We have a full report, basically, which demonstrates -- I think we have to recognize -- and this is why we tied 45 in this particular together -- we are talking about an entire project, which includes Hyde Street Pier renovations. It includes Pier 45. It includes the addition of 200 new boats plus the rehab of about 170 slips that currently exist.

COMMISSIONER BRIDGES: I am only talking about Pier 45..

COMMISSIONER ROTHENBERG: We need some numbers.

COMMISSIONER BRIDGES: I am talking about Pier 45, not the whole thing. I went down there about a year ago.

I went around with one of their operators down there, so I looked into it. I was talking about fish processing, the number of jobs, who they will be, and what is the matter with Pier 19 or 23 or 17, and so forth, and of course the answer to that was very simple: We want it here.

This is pretty valuable, I said. The same operation could have been put down there. But now we are making all these changes on Pier 45 for fish processing.

The next question I am going to raise, incidentally, is the number of jobs it might create. In my judgment, it mightn't create a damn one, but I could be wrong on that.

But the only question I am raising now is, on Pier 45, with the changes they are making, and so forth, are we going to be ahead of the game? Let's say we are not. All right. So that happens again.

On bringing in the fish processing, because I know what fish processing is, you know, you have got a bunch of people standing there chopping up fish, and so forth. I wasn't quite sure. The gentleman that was showing me around, I asked him the question, are you going to be able to afford what the Port might have to charge you to make up for all of the switch? He said he doesn't know that. He couldn't answer that.

My judgment might be wrong.

COMMISSIONER GOLDMAN: Simply, Tony, we feel a little bit frustrated here, not knowing who is going to use it. It is one thing to build an apartment house and know that a lot of people are waiting to live in the area, so that

you don't know who they are, but you know they are going to move in. But we don't know that much about fish processing. We don't know whether they are satisfied with where they are now, why they want to come back here, what it is going to take to bring them back. Because we did find out that, as I say, using 94 as a good example, we spent 15 to 20 million dollars. We built something, and nobody has chosen to use it.

MR. TAORMINA: If you want, we have covered this in previous meetings, but we have a letter here from Bumble Bee Seafoods, a division of Castle & Cooke.

COMMISSIONER ROTHENBERG: No. I think all we want are some numbers to show we have some rough idea of what these kinds of improvements would cost, and here is what the rent levels would be, assuming we don't get federal money but finance it ourselves, or if we got federal money, and there have been some general discussions with some of the potential tenants, and they think at one number or the other number they might be acceptable.

MR. TAORMINA: A lot of that was covered previously, and again, we have a full report on this. The only thing really before you today is basically saying that, you know, the City has to put in some applications, and we would like to have this project a part of the applications for the types of improvements. Again, this is consistent with our previous plans.

We could hold this and try it at a second go-round.

COMMISSIONER BRIDGES: Tony, you mention a certain number of jobs this might create. Are we just talking about

fish processing, or fish processing plus.

MR. TAORMINA: The estimates of jobs were prepared by the Office of Economic Development, and they were basically jobs related to fish handling.

COMMISSIONER BRIDGES: How many did you say?

MR. TAORMINA: They said 100 to 150, based on their analysis.

COMMISSIONER BRIDGES: You discussed that with the Economic Development Agency. That is their estimate?

MR. TAORMINA: That is their estimate, based upon discussions with the names of the people that we gave them who said they were interested in the facility.

COMMISSIONER GOLDMAN: I would like to ask a question, not specifically jobs, but how many companies to you feel would be interested in utilizing the facility once we have built the breakwater?

MR. TAORMINA: We are estimating probably about five basic new businesses would be associated at that particular area for fish handling, plus one new ice and cold storage operation.

Again, we have more than enough letters. As a matter of fact, the biggest problem is coming down to determining who of the people who have showed interest could go in, and I think that is when we will really be able to come up with the types of terms.

COMMISSIONER GOLDMAN: From the economic point of view, is there a fixed rate of pay for such port facilities? In other words, can you estimate what the return will be to

the Port?

MR. TAORMINA: No. At this point we have not gone into that. I think Harry's office will have to do that when I can give him the types of information.

COMMISSIONER GOLDMAN: Well, how do we do that? Is there any formula that we follow in regard to this?

MR. THIEMANN: I make an effort to get a nine percent return per annum.

COMMISSIONER GOLDMAN: Nine percent of what?

MR. THIEMANN: The value of the ground and the improvements.

COMMISSIONER GOLDMAN: Ah. Now we are talking about how do we establish, do we know what that value is?

MR. THIEMANN: Well, we have appraisals in that area of the ground. If the Commission felt that it was important to have an appraisal performed by an MAI, we would do so.

(Several voices at once.)

COMMISSIONER GOLDMAN: Let us know. Don't keep us in the dark before we make a decision.

MR. THIEMANN: I don't have an appraisal of submerged land in the area, but I have appraisals. In fact, there are two appraisals right across the street in our famous parking lot, one at $90 a square foot and the other at $50 to $55.

COMMISSIONER GOLDMAN: Let's talk about specifics.

MR. THIEMANN: I am trying to explain to you how I would arrive at a value. I would take the value that has been appraised in the immediate area, and then get information

from our Engineering Department on what it would take to bring that land up to that level of the adjoining property.

COMMISSIONER GOLDMAN: Aren't we talking about the shed of Pier 45? What are you talking about parking lots for? Let's talk about Pier 45.

MR. THIEMANN: I pointed out that we have an appraisal in the parking lot across the street.

COMMISSIONER GOLDMAN: What good is that going to do us?

MR. THIEMANN: I tried to explain to you, any appraiser will take a value of the adjoining property, and discount that value by the cost of bringing the submerged land up to the street level, and that is how you arrive at the value of the ground. The value of the improvements I get from the Engineering Department.

COMMISSIONER GOLDMAN: We are not talking about submerged land. We are talking about the shed. Isn't that what we are talking about?

MR. TAORMINA: Are you talking about the shed, the fender line?

MR. THIEMANN: If you had a shed on the lot across the street would you discount the lot underneath the shed?

COMMISSIONER GOLDMAN: How are we going to arrive at a value to establish the rental? I would just like to know what the formula is. When you say it is related to an appraisal, and you get nine percent of something, and then you are talking about a parking lot appraisal, that doesn't make much sense to me. You have got a shed there that is to

be used for a purpose. We are going to spend $85,000 to build a breakwater to support that. Are you going to clue in the cost of the breakwater?

MR. THIEMANN: That has nothing to do with this property.

COMMISSIONER GOLDMAN: It has nothing to do with it?

MR. DAVID: The breakwater doesn't have anything to do with Pier 45.

(Several voices at once.)

MR. TAORMINA: The federal breakwater is one of the things that will be needed before anyone can move into Pier 45 for fish handling.

(Several voices at once.)

COMMISSIONER ROTHENBERG: But part of that $2,000,000 should go into Harry's formula.

MR. TAORMINA: But you have got to recognize you have more than just the income coming out of Pier 45. You have 200 new berths. You have got a lot of things happening in the area.

COMMISSIONER ROTHENBERG: So you amortize it over the group. But the problem is, it is so easy to ask for federal money, because it is painless, but it isn't really painless, because we have to keep putting up our share, and what we are worried about is going in and asking for federal money that we are not sure we really -- We want to make sure that we know why we want to use that money, and that those federal dollars -- which aren't really free, they have some cost to us, because we have to share in them -- that the

return we are going to get on whatever dollars we are going to have to put in, plus whatever we have got there now, gives us a reasonable return.

That is why I said before, and I think all Commissioner Bridges and Commissioner Goldman want, we just need someone to sit down and do some guesstimating on what these kinds of improvements would cost, what we are likely to get from the feds, what kind of rents we might get, whether they be flat rents. If we have that information, great. We don't have it. You have it sitting there in an 8,000-page booklet.

What we would like you to do is to assemble it on a couple of sheets, so we can share your judgment.

COMMISSIONER GOLDMAN: And I would like to present the case a little differently, because I can't believe that you establish rentals based on an appraisal of wherever we have property somewhere.

It seems to me that these people you mentioned, Bumble Bee is one, they are processing where, at Fort Bragg or somewhere? They must pay rent up there of some sort.

However, it doesn't make any difference. There must be a going rate that people pay for --

MR. THIEMANN: It is very little in those other ports.

COMMISSIONER GOLDMAN: Then why would they come here?

MR. THIEMANN: If they are catching fish outside the Golden Gate, it is cheaper to bring it in here than to run the boat to Fort Bragg.

COMMISSIONER BRIDGES: That may be. That may well be.

COMMISSIONER GOLDMAN: I am leading up to how you can establish what kind of a rental you can expect when you propose a project. I don't know. I don't think it has much to do with the value of the shed. I think it has a lot to do with what people are prepared to pay to accommodate them here rather than have to run their boats up another 50 miles or 100 miles.

PRESIDENT RUDDEN: Well, it is apparent that we don't have that type of information.

MR. TAORMINA: Well, I wasn't prepared to discuss it at this meeting, because we went through it before at the other meetings and it was approved.

COMMISSIONER GOLDMAN: I think there is something deeper, Jim. I think what we are trying to do is establish a more businesslike way of evaluating the use, the return to the Port, for a particular purpose.

MR. TAORMINA: Well, we could hold off the application to UDAG until we have got this information presented to the Commission.

COMMISSIONER GOLDMAN: I don't think we want to.

COMMISSIOER ROTHENBERG: No. We have no problem goind forward with this thing, because all we are doing is asking for money. If they give it to us, then we still have a choice as to whether we accept it or not.

COMMISSIONER BRIDGES: I raised the question on the resolution before us here, 77-20. I said, now, look. In the resolve there it says specifically for the purposes of fish handling. That boils it down. I asked you that question.

I said, are we doing this for the purpose of fish handling? The answer was yes. That is why I got into this, you see, because it didn't take into consideration, all this program here is for the purpose of fish handling at Pier 45. So I am asking the question, is it worthwhile?

I don't see, maybe there is something wrong with me, but I don't see anything romantic or great about fish processing. You get down there and look at those poor women standing around there in a quarter inch of water and slice up a few bloody old fish. It doesn't seem too romantic to me.

I am just wondering. Maybe this is worthwhile. I am asking the question. At least if it makes money, okay, I am for it.

MR. TAORMINA: We can come back with a report on that.

COMMISSIONER GOLDMAN: Just one question about that request to -- I didn't get those initials clear. How much money are we seeking, and how much would the Port have to contribute to match?

MR. TAORMINA: UDAG is no matching. It is a direct grant. We will be asking for approximately about $1,000,000.

COMMISSIONER GOLDMAN: Well, I think we can start processing the request before we get the data, but I think we have to be a little more sophisticated as to how we evaluate the use of the property in relation to the user.

COMMISSIONER ROTHENBERG: I move the resolution, Mr. President.

COMMISSIONER GOLDMAN: I'll second.

COMMISSIONER BRIDGES: That $1,000,000, Tony? That is the money we are trying to get from the government? Fair enough.

PRESIDENT RUDDEN: You are moving them both?

COMMISSIONER ROTHENBERG: I will move all of Item 7, a, b and c.

COMMISSIONER GOLDMAN: Second.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Rothernberg and Rudden - aye; Commissioner Morrison - absent.)

COMMISSIONER GOLDMAN: Having done that, Mr. Chairman, I think that this Commission has to get, from whoever the source is, a more sophisticated evaluation of the use of this whole thing.

PRESIDENT RUDDEN: Let the record show that the questions that were asked with reference to the adequacy of return and the benefits that the Port will derive be developed by the staff and presented at another meeting, or sent on to the commissioners individually.

COMMISSIONER GOLDMAN: And that the explanation we received, although it was of a general nature, wasn't satisfactory to some of us, at least.

PRESIDENT RUDDEN: I think Tony knows what the records are in that regard.

MR. HUNTSMAN: Item No. 8, refunds and allowances in the amount of $142,825.86 for the month of November, 1977. The backup material on this item details these items that

total that amount. The staff recommends approval of this item.

PRESIDENT RUDDEN: Any objections?

COMMISSIONER GOLDMAN: Yes. I would like to have an explanation of a $127,000 refund or allowance to States Steamship Company.

MR. DAVID: Mr. Goldman, as we discussed it, we are going to change our accounting procedures. This should not have been classified as a refund and allowance. In fact, it should not have gone into our books.

We have a 10-year agreement with States Steamship Lines, which is like many of the steamship agreements along the whole Pacific Coast, where we have revenue sharing, and they guarantee us a minimum of $400,000 a year. Above that we share the revenue from the wharfage and the dockage.

For some reason, this was run through our books, and now has been put in a situation of providing them with a credit, where it should not have gone in the books in the first place.

COMMISSIONER GOLDMAN: Let me understand, then. This is a credit applicable to what fiscal year? This would be their lease year, which I believe was July 1, '77.

MR. HUNTSMAN: The year ending 6/30/77.

COMMISSIONER GOLDMAN: Is this something that was brought to our attention by the audit? Why is this being presented to us now?

What you are really saying is that $127,000 of the purported half million dollars of income over expense is being wiped out by this particular item. Is that correct?

MR. DAVID: I can't say that. Mr. Huntsman?

MR. HUNTSMAN: I can't answer that particular question.

MR. DAVID: This is just a split.

MR. TAORMINA: We reconciled our books this year. It is not done by the auditors.

COMMISSIONER ROTHENBERG: It is coming out of something.

COMMISSIONER GOLDMAN: Where is it coming from?

COMMISSIONER ROTHENBERG: We are either reducing revenues or we are doing something. Where is it on our books?

MR. TAORMINA: The company is on a split with us, after $400,000. They pay us complete wharfage and dockage. Then at the end of the year, they paid us this money, we reconcile to find out if they did meet their minimum. They met their minimum, and went over it, so then we basically give them a credit back.

COMMISSIONER ROTHENBERG: I understand it, but we are carrying it on our books as a receivable, which we are wiping out. What that will do is reduce our net profit.

MR. TAORMINA: That's right.

COMMISSIONER GOLDMAN: Do we have a reserve or not? I thought we did have a reserve.

MR. DAVID: No, we did not.

COMMISSIONER ROTHENBERG: So the issue is, if we were thinking about ending the year in the black half a million, this would mean running in the black 380 or something?

COMMISSIONER GOLDMAN: That is just the one.

COMMISSIONER ROTHENBERG: Three sixty.

MR. TAORMINA: That is assuming the income statement that you presented indeed carried it as revenue.

COMMISSIONER ROTHENBERG: Well, somebody should know that. I don't.

MR. TAORMINA: Well, Mr. Herren, who is not here, but I would say, from what I know of the revenues put together for the income statement, no, it would not have been in it.

COMMISSIONER ROTHENBERG: Would you get an explanation of that item, and how it gets back onto the books, and send it around to us?

I move approval of the item.

COMMISSIONER BRIDGES: Second the motion.

COMMISSIONER GOLDMAN: My problem, if I may, is that I was troubled early on, under the former direction of this Port, that a very loose statement was made about income over expenses for the last fiscal year, which troubled me then and troubles me now. I am sure this is the kind of thing we want to avoid in the future. We shouldn't submit any data until it has been audited in the first instance, and furthermore, we must build into our accounting system a process of reserves for something like this, because otherwise it isn't effective.

MR. DAVID: Mr. Goldman, we are going to take care of that because, as I say, this should never have been a receivable.

(The motion was carried unanimously: Commissioners

Bridges, Goldman, Rothernberg and Rudden - aye; Commissioner Morrison - absent.)

MR. HUNTSMAN: Item No. 9, a report on the Sailing Ship Dolphin P. Rempp. The staff recommends notification of default to lessee on December 29, 1977, effective January 29, 1978. The staff recommends approval.

Prior to the meeting today, a letter was distributed to each of the commission members from Pettit, Evers & Martin pertaining to this item on the agenda.

COMMISSIONER GOLDMAN: My question, Mr. Chairman, is, what is the usual procedure, and where is our City Attorney to advise us?

MR. DAVID: The City Attorney informed me he could not make today's meeting, but our procedure on this, Mr. Thiemann will explain that some of the statements in the letter are incorrect.

MR. THIEMANN: This is so. I received this letter yesterday. Mr. Evers called and spoke to Mr. Bobier, and I told Mr. Bobier there was no way I could take this item off the agenda, and if a letter was forthcoming which was acceptable to the Commission, I would certainly recommend that the matter be put over for two weeks.

Mr. Evers indicates that he only was engaged by Mr. Rempp the day before yesterday, or yesterday, and he says: "It appears to me that these three problems can be solved but, again, my client and I would appreciate an additional two weeks in whcih to try to come up with a more definite schedule and to obtain insurance. I will assume,

if I do not hear from you prior to the meeting, that your recommendation to the Commission would be to put the matter over for two weeks."

Let me finish what I am saying. I intended to recommend that this be put over. Mr. David told me just before the meeting started that the Commission would discuss it, so I called Mr. Evers' office. He was not available. He was on the phone, but I left a message with the girl that this matter would be discussed at this meeting. That was approximately an hour ago.

COMMISSIONER GOLDMAN: Did you say beforehand that when you first talked to Mr. Evers you would recommend it be put over?

MR. THIEMANN: No, sir. I did not talk to Mr. Evers. Mr. Evers talked to Mr. Bobier. I told Mr. Bobier that if this letter was acceptable to the Commission I would recommend that the matter be put over for two weeks.

COMMISSIONER GOLDMAN: You confuse me. Mr. Bobier was here before the meeting started. Did he give any intimation in regard to this?

PRESIDENT RUDDEN: I didn't know about this, but he did ask (words inaudible).

MR. DAVID: Mr. Goldman, I talked to Mr. Bobier yesterday afternoon. He had gotten a call from Mr. Evers on this, and we did not indicate in any way that this would be put over.

Mr. Bobier indicated to me that this would only be a courtesy to Mr. Evers. There is no legal reason that this

thing has to be put over.

COMMISSIONER GOLDMAN: Well, if that is so, I think we might treat this thing in a businesslike manner. We are getting so held up on so many issues because of courtesies and legal intrusions at a late date. My God, this thing has been a dead issue before us for a long time, and I have to compliment the staff for finally bringing it to a head, and I think we must proceed, which does not preclude legal counsel the opportunity to present his case. It just means that we keep our timetable working, and I think that is really our obligation.

COMMISSIONER ROTHENBERG: So the staff is recommending we declare them in default and give them 30 days' notice?

MR. THIEMANN: There are three matters before you, actually.

One is the matter of insurance. This is what we are recommending, the staff is recommending, that you declare Mr. Rempp in default, and give him 30 days to correct that default on that matter.

COMMISSIONER ROTHENBERG: And the default in this case is the insurance?

MR. THIEMANN: That's right.

COMMISSIONER ROTHENBERG: Fine.

MR. THIEMANN: The vessel has been on the dock there now for well over a year, and it is not insured, and it is in a precarious position, according to our Engineering Department. If there were an earthquake or high winds or something, it is possible she might fall over, and obviously, the

Commission is liable.

COMMISSIONER ROTHENBERG: Right.

MR. THIEMANN: The other two matters are not as pressing as this. One is the fact that last February the Commission agreed to let Mr. Rempp continue paying a reduced rental, provided he repaid that amount at a future date.

At that February 9 meeting Commissioner Arnold asked Mr. Rempp: "And how many months' consideration do you request now, Mr. Rempp?

"MR. REMPP: About five months."

Now, this was on February 9. This is why your staff is recommending that the rent go to $1,000 immediately.

The third item is the matter of going into business. The lease is very specific. I quoted a paragraph to you in the backup material. It states in effect that the Commission doesn't rent space to people or lease space to people unless they use it, so I am recommending and the staff is recommending that we give Mr. Rempp six months to get open for business or be in default under that paragraph.

COMMISSIONER GOLDMAN: I recall when Mr. Rempp was here before, and I think it was very clearly presented to Mr. Rempp what was expected of him. In fact, I recall also that he was given the opportunity to pick his own date.

It is like so many other projects. Either you have got to put up or shut up sooner or later, Mr. Rempp, and that is the problem. We can't just let these kinds of issues continue to plague the staff.

It is not so much a matter of the insurance to me.

It is a matter of being able to function in the manner in which you intended it would, and I don't see any progress, and we just have to accept the procedure that has been established in order to get this thing resolved. That is your problem, and ours. If you have difficulties and it won't work, we have got to know about it and do the necessary, and that seems to be where we are.

MR. ADOLPHE A. REMPP: We endeavored to get insurance from our regular insurance source, and they looked the other way on us on the insurance, on account of the fire across the street from us, plus the other fires that have been on the docks here recently.

Now I have arranged and I am starting to negotiate with Schindler* & Company here in San Francisco, and they are going to take care of the insurance immediately. In fact, they are going to be aboard today.

COMMISSIONER GOLDMAN: Do you have coverage?

MR. REMPP: They are coming aboard today to look over the ship, and --

COMMISSIONER GOLDMAN: Well, Mr. Rempp, you have 30 days to have it all worked out, so we are not preventing you from getting these things done.

I think what we are requesting of you is that you accommodate the Port of San Francisco, and you have 30 days to either do it or you are in default. So that is perfectly fine, if that is what you are worried about. Perhaps you will have it cleared in a couple of days, and then we don't have a problem.

But I don't think it is so much the buying of the insurance, again, as putting the thing in operating order, and we don't see anything happening there.

MR. REMPP: Well, I am telling you the reasons so you will see I am not putting anything off.

Another reason that we couldn't get insurance was on account of the sprinkler system. They won't insure the boat because it doesn't have a sprinkler system. We cannot get a sprinkler system on board until we get a permit to put the sprinkler system on board. The permit hasn't been given to us from the Building Department because we don't have all of our plans together. We are having problems getting our plans together.

COMMISSIONER GOLDMAN: The last time you were here you were telling us about the electrical problems, I think.

MR. REMPP: Right.

COMMISSIONER GOLDMAN: There are always going to be problems. What would you consider the Port should have to do, listen to your problem after problem?

Maybe your dream is not going to come to fruition. Is that a possibility?

MR. REMPP: No, that isn't true. We have got everything all ready to go. If we had our permit to go ahead and repair or whatever has to be done to the cradle of the ship while we are getting our electrical engineering done, that could be finished, and so could the sprinkler system and all of the other items regarding the Fire Department and their wishes. We could take care of all that.

All of this could be done while we have been waiting for our engineering on our electrical, but we haven't been able to do anything.

COMMISSIONER ROTHENBERG: Well, Mr. Thiemann's kindness is legendary, so I would move to the Commission that we pursue this recommendation.

COMMISSIONER BRIDGES: I would second that. I think in matters of this kind I am certainly inclined to trust to the judgment and experience of our staff.

(The motion was carried unanimously: Commissioners Bridges, Goldman, Rothenberg and Rudden - aye; Commissioner Morrison - absent.)

MR. HUNTSMAN: That concludes the items on the agenda for today.

MR. THIEMANN: May I make a report to the Commission? As you know, we advertised Pier 28 as being available for a ship repair berth. I will have the bids for the next meeting.

We also advertised the marina, and we did receive five bids, two of which appear to be very promising and a third possible. We will have a complete analysis for you at the next meeting.

COMMISSIONER GOLDMAN: I would like to ask some questions about that, because there seem to be some complications in there.

Firstly, I believe an adjoining tenant was concerned about the area that was being put out to bid. Has there been anything done to accommodate their concerns?

MR. THIEMANN: Yes, there was.

COMMISSIONER GOLDMAN: In other words, were the bid conditions changed, so that --

MR. THIEMANN: Actually, the bid conditions initially indicated that the boundaries might be changed because of navigational problems. We advised each of the people who came in to discuss this with us of the change.

COMMISSIONER GOLDMAN: What is the approximate number of berths that are contemplated in that development?

MR. THIEMANN: It varies.

COMMISSIONER GOLDMAN: From what to what?

MR. THIEMANN: Well, I don't have the material before me, but my recollection is somewhere in the neighborhood of 350 to somewhere in excess of 1,000. The smaller marina does not contemplate using the total area.

COMMISSIONER GOLDMAN: And what kind of rental base do you use for marinas?

MR. THIEMANN: We have an appraisal that was prepared for us by an MAI, at your direction, and he did all of the things that I started to mention to you before. He discounted the value of the land by the cost of removal of the structures that must be removed, and so on.

COMMISSIONER GOLDMAN: Stop, stop. Harry, what is the going rate for renting berths in the Bay Area? Do you know that?

MR. THIEMANN: Yes. We have that information. What you are dealing with is apples and oranges.

COMMISSIONER GOLDMAN: A marina is a marina.

MR. THIEMANN: A marina in the site being contemplated

for San Francisco is possibly 100 times more expensive than a marina to build up in an estuary some place.

COMMISSIONER GOLDMAN: Wait a minute. Wait a minute. Wait a minute. I don't have trouble with it. You have been at it for years. I don't know why you have so much difficulty. I find that there are marinas all over the Bay Area, and then certain areas that are more desirable because they are closer to where the action is, so therefore the rents would be logically higher there than in some of the extraneous areas.

MR. THIEMANN: Mr. Goldman, you are talking about two different kinds of rent. The rent that the developer will pay to the Port is predicated on what it will cost him to build the marina. The rent that he gets from the boats that are in the marina is predicated on what the market will demand and pay.

Now, we will receive a percentage of those fees that he charges, just like we receive a percentage of Mr. Elledge's cruise boats and the restaurants at Fisherman's Wharf, against a minimum, and the minimum is established by what the value of the property is. This is basic.

You are dealing with this all the time, Mr. Rothenberg. Am I correct or am I incorrect?

(Several voices at once.)

MR. THIEMANN: I am looking for some support over here.

COMMISSIOENR ROTHENBERG: I think what Mr. Goldman is asking, he wanted to be able to relate what return we are going to get using that property with what others might be

getting, and I think one point you make is probably quite true. The value of the land on this site is much higher. On this one, where it is a percentage lease, it is clearly in the operator's interest to get as high a revenue as he can, so we have greed working in our interest.

I understand what you are worried about.

COMMISSIONER GOLDMAN: I am worried about the minimum. Right now I don't know how we determine that, but I would also like to know what kind of a percentage factor you use. Is it nine percent?

MR. THIEMANN: The percentages that are returned from the tenant to us?

COMMISSIONER GOLDMAN: Yes.

MR. THIEMANN: It varies with the various types of use.

COMMISSIONER GOLDMAN: I am talking about this particular use, berths.

MR. THIEMANN: Well, there are berths. There is restaurants. There is sales of artifacts.

COMMISSIONER GOLDMAN: I am just talking about the berths.

MR. THIEMANN: They are all different percentages. They all vary.

COMMISSIONER GOLDMAN: The berths vary?

MR. THIEMANN: Sure. They vary from marina to marina.

We took a group of marinas from Southern California and from the Bay Area. We had all the information of what

they paid, and we indicated that these were suggested rates, not that they were the least we would accept, but they were suggested rates. That was in our advertisement in our backup material we mailed to the bidders for the proposals.

COMMISSIONER GOLDMAN: One reason I am raising this point, Mr. Chairman, is, maybe I don't know enough, but the development of a marina is not a very complex process, in that you know the dimensions, you know the costs, you relate to the different areas. Some attract a higher rent than others, depending on where they are located.

It is just too bad that the Port has never been in a position to do its own marina development, because it is not a very complicated type of development. I think the Park and Recreation Department built one, I believe, along the Marina Green, so other city departments have done this directly rather than through a third party. Is that true?

MR. THIEMANN: Yes. First of all, the original marina was built with bonds that the City floated. I don't think the marina ever has presented a profit.

COMMISSIONER GOLDMAN: Oh, come on. I am just saying it has been done by agencies of the City.

MR. THIEMANN: It has been done with money they borrowed from the State of California.

COMMISSIONER GOLDMAN: It isn't a case of where they got the money. It is a case of they were able to develop it, and it seems to me it is too bad that we aren't capable of doing that in the Port structure, because I think it could be, and I think it could be a very viable form of income that would

not be too complicated, particularly when we see other agencies doing the same sort of thing.

MR. THIEMANN: Mr. Goldman, let me answer your question, please, or your statement.

First of all, the Port of San Francisco has a geographical disadvantage for small marinas. We have deep water, deep mud, and we are exposed to winds from the west to the south and northeast. The cost of building a marina in the Port of San Francisco is going to be astronomical.

Marinas do not return a good return on the investment. It is done by a local community for whatever reason they do it.

The money that comes out of marinas comes mainly from the restaurants and the shops and so on in conjunction. The Port of San Francisco, if you scan your whole waterfront, you don't have a safe haven for small vessels except in the Channel, and there are two bridges involves there, and in Islais Creek, and there is one bridge involved there. That is your problem.

COMMISSIONER GOLDMAN: So in other words the bidders for the Pier 56 area are primarily anticipating that the restaurant and other facilities will bring the income to support the marina, which may not be a money maker?

MR. THIEMANN: That is correct.

COMMISSIONER GOLDMAN: Thank you.

COMMISSIONER ROTHENBERG: Mr. President, I just have one question, and maybe the engineering staff can answer

it. I understand Mr. Simmons is having a lot of trouble getting his building permits out of the City, that the City has been holding up. Is there anything we can do to help?

MR. PELEAUX: I don't think so. They are not being held up unduly, as far as I know.

COMMISSIONER ROTHENBERG: So there is nothing we can do to aid DPW in getting the permits out?

MR. PELEAUX: Not that I know of.

PRESIDENT RUDDEN: Anything else?

I am going to ask the commissioners to stay for a few moments in executive session.

(Whereupon the Commission went into executive session, which was not reported.)